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# Improving the Consultant Approval Process

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South Carolina Department of Transportation

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STATE DOCUMENTS

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## **INTRODUCTION**

The use of engineering consultants by state transportation agencies continues to be important in providing appropriate solutions to transportation needs. Transportation agencies are challenged to provide a quality product in a cost effective manner in a dynamic and ever-changing industry. They face complex projects with increasing focus on sensitivity to provide solutions that least disrupt the public or natural environment. In addition, agencies are facing significant technological changes in how business is conducted. Staffing limitations and other constraints are adding pressures to the expectations of delivering high quality projects on time and within budget. Engineering consultants are a key resource that can supplement the agencies in delivering transportation programs.

All transportation agencies use consultants to some degree. Each agency has developed processes, procedures and policies to address the selection, contracting and management of consultants. Transportation leaders generally do not consider the use of consultant services to be a cost saving measure but rather a necessary response to having limited in-house staff available to deliver the transportation program. Significance should be given to the contracting issues to ensure that a quality product is delivered in a cost effective manner. Therefore, considerable attention is given to the processes for selecting a consultant, developing and agreeing on a contract and then managing that contract and the project activities.

It is important that the agency have clearly defined policies and procedures which provide a fair and equitable selection process open for all. The South Carolina Department of Transportation (SCDOT) process is defined in Department Directive

Number 41 (Appendix 1). One element of the selection process can be the use of a prequalification process. SCDOT does not employ such a process, therefore I believe the possibility of implementing a prequalification process could eliminate unnecessary duplication and result in a savings of time as well as cost to the consultant.

This paper will explore the qualification processes used to evaluate consultants for SCDOT projects. The processes will be flowcharted and analyzed. Data from other state DOTs, consultants and the internet will be gathered and evaluated. Based on the information collected and analyzed, recommendations for improvement will be discussed as well as an implementation plan provided. A method of evaluation will also be developed and discussed. Finally, the key findings and recommendations will be summarized.

### **THE PROBLEM**

Each consultant is qualified on a project-by-project basis. This system is not efficient and there is no consistency in submitting necessary documentation for approval to work for SCDOT. My office is responsible for completing pre-award audits of selected consultants to determine financial capability, examine their accounting system, and audit and approve their overhead, as well as analyzing the proposed costs for reasonableness. My hypothesis is that the development of a prequalification process would ensure greater consistency and enhance the efficiency of consultant evaluations.

The SCDOT has approximately 300 active contracts totaling approximately \$218 million among more than 60 different consultants. Every time SCDOT selects a consultant for a project, the consultant must submit all required forms and paperwork whether it is their first contract or they have multiple contracts with SCDOT. My office

must then review the information and issue a pre-award report for every contract even if SCDOT may have previously selected the consultant for other projects during the same month or quarter. This requires repetitive paperwork for the consultant as well as involving an extensive amount of time duplicating prior work in my office. The documentation that must be provided by each consultant is submitted in a different format for each consultant. We do not always get sufficient information to complete our review and the consultant must be contacted to provide the necessary data. This causes delays in projects being allowed to begin in a timely manner.

### **SCDOT STRATEGIC GOALS**

The SCDOT is charged with the responsibility of systematic planning, construction, maintenance, and operation of the state highway system and providing mass transit services. Having been charged with this responsibility, the SCDOT has initiated a strategic plan that sets its direction for the future. The strategic plan has identified five key goals for present and future years:

- Safety
- Maintenance
- Resources
- Customer Service
- Employee Development

This project of improving the consistency and efficiency of consultant evaluations for firms who wish to perform work for the SCDOT falls directly in line with two of the department's strategic goals - resources and customer service. The wise and efficient use of monies we have to perform engineering services to provide safe and efficient transportation is how we earn public trust. This also includes efficient use of employee resources. The employees would be able to focus on performing overhead audits and

final audits that are going to ensure we are getting the “best bang for our buck”. Our job is to ensure the consultants doing work for the state of SC are giving us the best service for the best price. Customer service can be both the earning of public trust (knowing we are using our resources wisely in choosing consultants to perform work for SCDOT) and how we treat the individual firms that do the work for SCDOT. By providing a consistent approach to our consultant processes and being more efficient in our selection and approval process we can achieve customer service in both ways.

### **DATA COLLECTION**

Data collection methods and sources are listed in steps 1-5 below. The goal is to obtain information on prequalification processes in place in other transportation agencies throughout the United States, feedback from consultants, information concerning current SCDOT processes and any other documentation and/or research concerning prequalification systems found on the internet.

#### **Step 1**

Identify other states using a prequalification process. A prequalification process for SCDOT was a topic the Audit Director had determined to be an issue in 2006. The Audit Director posed the question (Appendix 2, Attachment A) to all 50 states using the American Association of State Highway and Transportation Officials (AASHTO) website and the Subcommittee on Internal and External Audit <http://audit.transportation.org/?siteid=43> in June 2006. Additional work was not completed on this subject. In discussions with the Director in 2007, we concluded that the subject of prequalification for SCDOT was a process that needed further examination to determine if it was feasible to implement. A problem statement was developed and

approved as my project for the Certified Public Manager (CPM) program. The above information was given to me to begin the analysis.

### **Step 2**

A survey was developed to send to other states concerning the use of a prequalification process. This survey was sent to the six states that have responded they have a prequalification process, other states in the southeast, and three others arbitrarily selected. The survey was sent to 18 states: Florida, North Carolina, Alabama, Georgia, Kentucky, Tennessee, Mississippi, Arkansas, Virginia, Louisiana, West Virginia, Texas, Wyoming, Iowa, Connecticut, Minnesota, New Jersey, and Wisconsin. This cross section of states should provide ample information to identify trends in the selection process and provide potential solutions.

### **Step 3**

Two surveys completed by the AASHTO Technical Committee on Preconstruction Management that coordinated with American Council of Engineering Companies (ACEC) were reviewed and analyzed to determine if any areas of concern to my problem were addressed. These surveys were sent to State DOTs and Consultants. Also, two consultants doing business with SCDOT were contacted and interviewed concerning a prequalification process.

### **Step 4**

The SCDOT process was examined. Flowcharts were created to document the current state of the process and to compare to the desired state. The flowcharts were used to identify problems and potential solutions, to analyze how long it takes to complete the

process as it is now and quantify delays. Interviews with staff were also used to gather additional information.

### **Step 5**

The AASHTO website and the internet were used to search for other reports and studies conducted on prequalification of consultants. The studies located were used to develop facts and figures to be used to backup or refute my hypothesis.

### **DATA ANALYSIS**

Information on prequalification processes was received and collected from six states: North Carolina, New Jersey, Wisconsin, Florida, Connecticut, and Minnesota. All of these states have implemented a prequalification process for engineering consultants. See links to the prequalification processes for each of the states listed above:

<http://www.ncdot.org/business/ocs/pef>

<http://www.state.nj.us/transportation/business/procurement/ProfServ/>

<http://www.dot.wisconsin.gov/business/engrserv/cauengservreg.htm>

<http://www.dot.state.fl.us/procurement/pubs/procsummary.htm>

<http://www.ct.gov/dot/cwp/view.asp?a=2288&q=302044>

<http://www.dot.state.mn.us/consult/files/prequal/prequal.html>

Each of the processes above was reviewed for comparison to the process used at SCDOT. We noted that all of the above states prequalify consultants and maintain a list of consultants on hand to eliminate the need to receive a technical proposal from more than the top three candidates for a project. We also found that each do something a little different. For instance, Florida requires demonstration of technical qualification for requested types of work. This qualification is completed by the area in the DOT



responsible for the work discipline(s) requested. Also, firms must be administratively qualified by the audit staff by demonstrating an adequate cost accounting system and overhead calculation. North Carolina requires the firm to submit a questionnaire concerning their work history and financial status. Normally the accounting system and overhead are examined in a pre-award audit. Some DOTs require an annual prequalification while others choose to approve consultants on a biennial basis. All six of these DOTs have electronic forms found on their website that can be completed and sent to the appropriate office on-line.

A survey was also developed to send to 18 states. (Appendix 2, Attachment B). Six states responded to the survey. The survey responses can be seen in Appendix 2, Attachments C-1 - C-6. Four of six DOTs prequalify consultants either annually or biennially. For years ending 2005-2007 South Carolina averaged 162 agreements per year for prime and sub consultants totaling on average \$57 million per year (Appendix 3, Pages 1-4). The DOTs responding, with a prequalification in place, average from \$25 million - \$300 million in 150 or so agreements/contracts per year. This is pretty comparable to SCDOT. Wyoming has a small consultant business averaging \$7.7 million. Virginia is the only state with similar traits that responded it does not prequalify consultants. However, they advertise and receive letters of interest in order to shortlist the top three firms before requiring a technical proposal. All of the above still perform a pre-award audit to determine financial capacity, accept the overhead and review the accounting system, as does SCDOT. The process from advertisement to notice to proceed averaged 2-8 months. Virginia and South Carolina typically take 3-6 months to

complete. Very little statistical information could be gained from the survey due to only 6 DOTs responding.

In 2005, the AASHTO Preconstruction Engineering Management Technical Committee (PEMTC) performed a study to evaluate the procurement and management of engineering consulting services through the uses of a National Cooperative Highway Research Program (NCHRP) funding. Two surveys were conducted and evaluated, one for State DOTs and the other for Consultants. The surveys are published in the 2007 *Guide for Contracting, Selecting, and Managing Consultants in Preconstruction Engineering* developed by PEMTC and published by AASHTO (PEMTC Guide). Although these surveys were quite detailed and included much more information on the entire process than necessary for our purposes, there were several questions that pertained to the topic of prequalification. According to the State survey, responses were received from 43 states (PEMTC Guide, AASHTO, Pg. 57). Almost two-thirds of the states prequalify consulting firms (PEMTC Guide, AASHTO, Pg. 65).

Approximately 160 independent responses from senior executives of consulting firms in 41 states were received for the Consultant survey (PEMTC Guide, AASHTO, Pg. 71). A question concerning improving procedures for contracting with consultants received significant support for developing standardized documents and processes (PEMTC Guide, AASHTO, Pg. 74). Another question, should State DOTs have a process to prequalify consultants received very strong support, more than 95 percent were in favor of prequalification of consultants (PEMTC Guide, AASHTO, Pg. 75). Also, a number of respondents suggested that the process could be further improved by consultants and agencies working together to develop a standard format that would be

utilized by all agencies. There was also strong support (73 percent) for having a selection process prior to the preparation of a proposal (*PEMTC Guide*, AASHTO, Pg. 76). Phone interviews were conducted with two consultants doing business with SCDOT. They were asked about prequalification. Both were in favor of submitting qualifications and financial data periodically instead of each time they seek a project and were in favor of a standardized process and documentation. They both stated they do business in other states this way and it would take very little time and resources to be able to perform in this manner with SCDOT.

Flowcharts of the current process (Appendix 4, Pages 1-2) and the process involving prequalification (Appendix 4, Pages 3-4) were developed from Departmental Directive 41 and an interview with the SCDOT Contracting Officer. According to the Selection History Report provided by Contract Services, the current process from Commission approval to negotiations averages 180 days and from the day proposals are received to negotiation averages 95 days. In the current process, on average 11 technical proposals (most 40 or more pages long) are received per project and are reviewed. The desired process involves a technical and administrative prequalification in the beginning and eliminates the review of all technical proposals. Only the top three candidates will submit these proposals for review. Also, an audit of the financials, overhead and accounting system during the negotiations is no longer necessary on most projects. If an audit is necessary it will take a much shorter time because most of the tasks are done in the earlier prequalification stage. According to the surveys, the DOTs with a prequalification process state that it reduces the need for more than three proposals to review, eliminates non-qualified firms from wasting time submitting responses, and

simplifies and shortens the process, providing for a quick turnaround. According to a research project performed by Georgia Tech entitled on *Consultant Management Best Practices*, by reviewing the accounting system, verifying overhead rates, and relying on CPA audits in a prequalification process both Florida DOT and Penn DOT reduced the turnaround time on selecting consultants and allowed audit staff to refocus their resources on final audits which is a more effective method of deterrence and use of their resources (Georgia Tech, *Consultant Management Best Practices*, Pgs. 140-141).

Another NCHRP funded research project conducted by Penn State entitled *Quality-Based Performance Rating for Prequalification and Bidding Purposes* ([http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp\\_w38.pdf](http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_w38.pdf)) had some insight into the advantages and disadvantages of prequalification. In terms of prequalifying consultants prior to procuring construction contracts, consultants can be evaluated in several ways. Hauf (Penn State, *Quality-Based Performance Rating for Prequalification*, Pg. 7) focuses on disqualifying incompetent, overextended, and under-financed firms. Diekmann (Penn State, *Quality-Based Performance Rating for Prequalification*, Pg. 7) identifies four objectives of prequalification as limiting cost exposure, evaluating company stability, ensuring quality in the final product, and evaluating management. Accordingly, the primary objective of prequalification is to discern the responsible and responsive from those that are just responsive (Penn State, *Quality-Based Performance Rating for Prequalification*, Pg. 7). Prequalification advantages, as noted in the report, are:

- Levels the playing field (Penn State, Pg. 127, Lower 1982).
- Avoids selection of unqualified bidders (Penn State, Pg. 127, Lower 1982).
- Ensures competent, successful parties (Penn State, Pg. 127, Lower 1982).
- Controls the number of bidders (Penn State, Pg. 127, Lower 1982).

- Reduces the cost of bid solicitation (Penn State, Pg. 127, Lower 1982).
- Significantly hastens evaluation and award process (Penn State, Pg. 127, Lower 1982).
- Provides structure and discipline to the process (Penn State, Pg. 127, Lower 1982).
- Protects from awarding work the firm is incapable of doing (Penn State, Pg. 128, Hauf 1976).
- Facilitates bidding by quality consultants who might have been inhibited from submitting a bid because of competition from unqualified bidders (Penn State, Pg. 128, Eck and Karl 1995).
- Improves ability to react quickly in case of urgent procurement (Penn State, Pg. 128).
- Allows more time for investigation of the consultants (Penn State, Pg. 128).
- Reveals consultants who may be unable to perform due to backlogs (Penn State, Pg. 128).
- Allows for moderate prices and lower risks (Penn State, Pg. 128, Nettleton 1948).
- Consultants who are allowed to bid will be qualified and hence the owner can concentrate on evaluating bids rather than evaluating the consultant (Penn State, Pg. 128, Rankin et al 1996).
- All of the above are from the Penn State Report entitled Quality-Based Performance Rating for Prequalification, Pgs. 127-128.

Some disadvantages conveyed in the same report include:

- Factual determination of responsibility is difficult (Penn State, Pgs. 8 and 128, Lower 1982).
- Additional screening can be a burden on the consultant and creates workload for the DOT (Penn State, Pgs. 8 and 128, Russell 1996).
- Qualified firms may choose not to participate (Penn State, Pgs. 8 and 129).
- Difficult to formalize decision process without introducing subjective judgment and biases (Penn State, Pgs. 8 and 129).

Of these factors, the most problematic would be the use of subjective data that is used in the determination of the consultants' eligibility, particularly if it results in an erroneous denial of admission in the bidding process (Penn State, Pg. 8).

## **IMPLEMENTATION**

Based on the above analysis, some states qualify consultants each time a consultant applies to be considered for selection. Consultants must prepare detailed documentation of their qualifications and technical proposal as well as prepare a fee proposal and submit financial information on a project-by-project basis (Most proposals are more than 40 pages long). Other states allow the consultants to periodically document this information and be qualified for a certain amount of time, perhaps annually. This process eliminates the need to prepare all the detailed documentation each time the consultant seeks a contract. A letter of interest (LOI), limited to three pages, would be submitted for review in order to narrow the field to a short list of the top three.

In order to streamline the process at SCDOT, I recommend the implementation of a prequalification process. According to research, the majority of State DOTs prequalify consultants. The institution of such a process will ease the burden on the selection board as well as the consultants. The consultants are in strong favor of having to submit the required documentation only once during a specified time period for all contracts they are seeking. The consultants contacted in South Carolina work this way for many other states and do not anticipate any problems in complying with prequalification at SCDOT. The selection board will be relieved of the duties of reviewing technical proposals on a project-by- project basis and the auditors could focus their efforts on final audits rather than spend so much time on pre-award audits. To implement this process is a major shift in thinking for SCDOT and will require buy-in from upper management as well as those who perform the work. The action steps necessary to complete these tasks are:

1. Develop a list of required documentation necessary to qualify a consultant for work at SCDOT (Contract Services and Contract

Audits). This list should include prior work history, financial statements, indirect cost (overhead) calculation, accounting system information and other documents as necessary to comply with state and federal laws. Completing this task should take very little time. Once completed, the list should be distributed to the consultants applying for work in order for the consultants to adapt to any changes. Implementing this procedure will initially yield a decrease in time spent on pre-award audits. (1 – 2 months)

2. Form a committee of SCDOT employees (include Contract Services, Contract Audits, Engineering, Selection Board, and any technical review team members as necessary) to discuss a prequalification process. Information gathered from other State DOTs already having a process in place can be used to design a process for SCDOT using the best practices found around the country. A flowchart of the desired process was already developed for this research project that can be used in this endeavor. Also, information and statistics gathered for this project can be presented to overcome any apprehension. The draft proposal should be reviewed by management and approved. (4-6 months)
3. Integrate the prequalification into standard operating procedures. This would include updating Directive Number 41 and issuing the revised information. Conduct seminars to explain the changes and how they will be used with both SCDOT engineers and the consultant community. Allow both to ask questions to ensure all obstacles are quashed. Contract Services recently completed this task for the current version of Directive Number 41. The same procedures should be used. (1-2 months)
4. Begin using the prequalification process at year-end in order to qualify consultants for the following year.
5. Document this process on the SCDOT internet and include standard forms necessary for consultants to complete. Also, include any explanatory information as necessary to make it as easy as possible to become qualified to work in South Carolina.

## **EVALUATION**

After implementation, the proposed processes will be evaluated to determine if duplication of work and time savings is being achieved. This plan will involve collecting data by measuring the process in days from selecting a consultant to signing a contract and comparing to historical data. We will also be able to collect information on the number of times the same consultants are selected and only had to submit paperwork

once for several projects in a quarter, six months, and yearly. Surveys will be used to get customer feedback. The information gathered will be used to evaluate time efficiency and customer service relations.

## **SUMMARY**

Two-thirds of State DOTs prequalify consultants. The consultant community is in favor of standard documents and processes and 95 percent are in favor of prequalification or selection prior to preparation of a proposal. State DOTs report that using a prequalification system reduces the time spent on reviewing technical proposals for all firms interested in a project as well as time spent on pre-award audits. This has allowed them to focus their time and resources on more effective tasks. Many advantages to prequalification were found dating all the way back to 1948. Revising these procedures will save time and expense for both consultants and reviewers. A full proposal can cost an engineering firm thousands of dollars in labor and direct expenses to prepare.

Implementing a prequalification process for consultants will streamline our process and allow SCDOT to better complete our work and better meet our goals. Most transportation agencies foresee an increase in the utilization of consultant services to supplement the project development process. Improvement in the processes to effectively manage these contracts will be of increasing importance. While only a small portion of the entire process was analyzed by this project, we identified a process that needed improvement and hopefully will realize the benefits described. We need to continue to evaluate our processes with support from upper management in order to continually improve our contracting, selecting and managing consultants.



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# APPENDICES

**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION**  
**DEPARTMENTAL DIRECTIVE**

Directive Number: 41

Date: Revised  
May 1, 2007

Subject: Professional Consultant Services - Acquisition and Administration

Referrals: Title 23 United States Code, § 112  
Title 40 United States Code, Chapter 10, Subchapter VI, § 541-544  
23 Code of Federal Regulations, Part 172  
49 Code of Federal Regulation, Part 18  
Federal Acquisition Regulation  
49 Code of Federal Regulations, Part 19  
South Carolina Consolidated Procurement Code and Regulations promulgated pursuant thereto.

Purpose: This directive defines procedures used by the Department in the acquisition and administration of qualified professional consultant services.

**I. OBJECTIVES**

1. Ensure that due consideration has been given to the factors which permit an independent, objective evaluation of all firms and individuals responding to a Department request for professional services taking all factors into consideration, and selection of the firm or individual most qualified to perform the work specified in each contract.
2. Ensure that, through negotiation and contract administration, public funds are utilized in a manner consistent with appropriate state and federal rules and regulations by ensuring competition between consultant firms is part of the process to reduce cost.

**II. DEFINITIONS**

Chief Negotiator – Individual located in the Office of Contract Services responsible for assisting Department staff in the estimating, negotiation and record retention process covered under this Directive.

Class I Project – A project whose scope of services, parameters and requirements are well defined. The consultant selection will be made through procedures enumerated herein. A Class I Project generally should not require contract modifications. A lump-sum agreement should generally be considered.

Class II Project – A project of which the Department is unable to provide a sufficiently defined scope of services, parameters or requirements. The consultant selection will be made through procedures enumerated herein. A cost plus fixed fee with contract maximum agreement should generally be considered.

Class III Project – A project whose scope of services, parameters and requirements allow for costs to be accumulated into one unit. An approved unit cost payment method should generally be considered. Typical services provided for under a Class III Project are geotechnical and aerial photography services.

Commission – The administrative and governing body of the South Carolina Department of Transportation appointed in accordance with the rules and regulations of the Code of Laws of South Carolina, 1976, and supplements thereof.

Consultant – An individual, firm, corporation, or other organization that gives professional advice or performs a professional service.

Contract Manager – Individual responsible for the day-to-day administration and management of a consultant contract.

Contract Modification – A change to the original agreement due to a change in cost, scope, schedule, or other reasons. (See Section X CONTRACT MODIFICATIONS).

Deputy Director of the Division of Construction, Engineering and Planning (Deputy Director) – A person appointed by the Executive Director in accordance with the rules and regulations of the Code of Laws of South Carolina, 1976, and supplements thereof; who is the administrative head of the Construction, Engineering and Planning Division (Division).

Deputy Director of the Division of Finance and Administration (Deputy Director) – A person appointed by the Executive Director in accordance with the rules and regulations of the Code of Laws of South Carolina, 1976, and supplements thereof; who is the administrative head of the Finance and Administration Division (Division).

Deputy Director of the Division of Mass Transit (Deputy Director) - A person appointed by the Executive Director in accordance with the rules and regulations of the Code of Laws of South Carolina, 1976, and supplements thereof; who is the administrative head of the Mass Transit Division (Division).

Deputy Director of DBE Programs and Special Projects (Deputy Director) – A person hired by the Executive Director who is the administrative head of the DBE Programs and Special Projects Division (Division).

Director – Persons throughout the Department whose area of responsibility is defined by a Deputy Director and indicated in the Department's organization chart as an office or unit leader.

Director of Contract Services – Individual responsible for assuring compliance with the consultant selection procedures and assisting the Director, or their representative, in negotiation and administration of the consultant contract.

Executive Director – The chief administrative officer of the South Carolina Department of Transportation employed by the Commission.

On-call Consultants – An “as-needed basis” solicitation and selection established with a maximum dollar amount for professional or specialized services to be performed during a specified time-period, generally not to exceed three (3) years. The scope of service for any individual agreement is limited to the scope of services that the Department included in the on-call solicitation. The Department may or may not execute an agreement with all firms on the on-call consultant listing.

Prequalification – The Department does not have prequalification acceptance procedures as such nor does it maintain a “bidders list” of subject consulting firms. The Department’s Director of Contract Services will maintain a file of pertinent information submitted by subject consulting firms. The information received will be kept by the Director of Contract Services for a period of one (1) year.

Those consultants so desiring may submit to the Director of Contract Services, for file, the Federal Standard Form (SF) 254 and (SF) 255, and any other pertinent information. The information on file may be used for direct mailing and will be available for review by Department staff.

Scope of Services – All services, actions, and physical work required by the Department to achieve the purpose and objectives defined in the contract

Selection Board – A group of individuals appointed by the Executive Director that is responsible for the consultant selection process. The Selection Board is the ultimate authority for evaluating and scoring consultant proposals against the selection criteria, and providing the ranking order for negotiation to the appropriate Deputy Director. The Selection Board has the authority to secure whatever resources necessary to assist in screening and evaluating firms including the establishment of Technical Advisory Groups.

Selection Program Manager – Person located in the Office of Contract Services that augments the Selection Board in the selection process.

Technical Advisory Group (TAG) – A group of knowledgeable individuals and technical experts that may be appointed by the Selection Board whose responsibilities will be defined by the Selection Board for each separate selection.

South Carolina Business Opportunities (S.C.B.O.) – An official South Carolina State Publication. All Department requests for professional services shall appear in this publication. A subscription may be obtained by writing to:

Materials Management Office  
"Business Opportunities"  
1201 Main Street  
Suite 600  
Columbia, SC 29201

Subcontracting – An arrangement whereby the consultant intends for another firm or individual to perform portions of the requested services. The Department is to be advised in the initial response to the announcement which services will be subcontracted. The Contract Manager must approve all subcontractors before work begins.

### III. APPROVAL TO SOLICIT AND CONTRACT WITH CONSULTANTS

1. The Director, or their representative, is responsible for securing Commission approval through DEPARTMENTAL DIRECTIVE Number 26 to advertise and select a consultant(s) for the proposed services, and for submitting a Request for Professional Services Package Letter A (located on the SCDOT Intranet Site, Agency Application Electronic Forms) for approval by the appropriate Deputy Director. This approval will be stated on the Request for Professional Services Package Letter A. The submission of the Package Letter A to the appropriate Deputy Director will be coordinated through the Director of Contract Services. Justification for use of professional consultant services may include lack of available resources, lack of expertise, cost-effectiveness, or other reasons.

2. Prior to requesting any services contract that involves staff augmentation the appropriate Director and Project Manager shall meet with the Director of Human Resources and their appropriate staff to discuss staff needs and to perform a cost/benefit analysis. The results of this process will determine the method of augmenting staff in a manner which serves the best interest of the state.

### IV. SELECTION PROCEDURES

#### A. STANDARD SELECTION PROCEDURES

The Department will utilize the standard selection procedure for consultant contracts unless special selection procedures in Section IV (B) are determined to be appropriate or exceptions to the procedures are approved by the Executive Director, and FHWA, when Federal funds are involved, as indicated in Section XIV (F).

##### 1. Announcement

The Director, or their representative, is responsible for developing the announcement that the Department will publish in the South Carolina Business Opportunities (SCBO). The announcement shall contain a description of the work, method of payment, and identify all significant selection criteria and their relative importance (weight). The announcement will also request firms to submit a proposal to the Director of Contract Services by a specified date. The

announcement will request each firm to submit a resume of qualifications, dollar value of Department contracts executed in the past two years before the announcement, and other pertinent information. The consultant will also be required to submit Federal Standard Form (SF) 254 (Architect-Engineer and Related Service Questionnaire) and SF 255 (Architect-Engineer and Related Services Questionnaire for Specific Project). Failure to provide requested information may be grounds for withholding the firm's proposal from further evaluation and ranking. The Director or their designated representative is responsible for developing the Package Letter B (located on the SCDOT Intranet Site, Agency Application Electronic Forms). The Package Letter B will be submitted to the Selection Board for approval. This submittal will be coordinated with the Director of Contract Services.

The announcement may include a Disadvantaged Business Enterprise (DBE) contract goal. When a contract goal is included in the announcement, the proposer must include DBE participation to meet the contract goal or demonstrate good faith efforts to meet the contract goal. Failure to meet the goal or submit good faith efforts documentation may be grounds for withholding the firm's proposal from further evaluation and ranking.

If a contract goal is not specified, the announcement may require the consultant to submit a DBE utilization plan. Failure to provide the required DBE utilization plan may be grounds for withholding the firm's proposal from further evaluation and ranking.

Prior to advertisement, the Selection Board will approve the announcement, selection criteria and relative importance (weighting). When federal funds are to be used, and for all "on call" basic service Agreements, FHWA concurrence will be obtained for the scope of services based on the SCDOT/FHWA Operational Agreement. The Director of Contract Services will arrange for the announcement to be advertised in the SCBO or other means determined appropriate by the Selection Board. The announcement will identify the contact person for all questions.

## 2. Selection Criteria

Evaluation of each firm's proposal will be based on the selection criteria and relative importance (weight) as published in the announcement. The selection criteria for each announcement may include but is not limited to the following:

- a. The ability and relevant expertise of the firm's personnel (specifically the Project Administrator and key staff,) to be used on the project.
- b. Past performance on similar projects.
- c. The firm's project delivery approach and responsiveness to the Department.
- d. Present and projected workload.

e. Cost<sup>1</sup>.

The Department will consider results of the "Consultant Performance Evaluations" in the past performance criteria. Special attention will be given to cost overruns, completing work on schedule, quality of work, errors and omissions, etc. The Department may include other factors that are pertinent to a specific project in the selection criteria and the announcement.

3. Selection of the Firm

The Director of Contract Services or designee will record the name, date and time of all consultant firm letters of interest received. The Director of Contract Services or designee will review all submittals for compliance with the announcement and will record any areas of non-compliance for discussion and action with the Selection Board. The Director of Contract Services will notify consultant firms if their letters of interest are determined to be non-responsive by the Selection Board.

The Selection Board will evaluate and score firms responding to the announcement against the advertised selection criteria. The PROFESSIONAL SERVICES SELECTION EVALUATION SUMMARY (Exhibit 1) will provide the final ranking order of negotiation for the Deputy Director's concurrence. The Selection Board will provide documentation supporting this ranking to the Director of Contract Services for record retention. The PROFESSIONAL SERVICES SELECTION EVALUATION SUMMARY may be modified independently and without impact to this Directive 41 provided such modifications are in accordance with Section XIV (F) of this Directive. The modified form will be identified as a revised Exhibit 1. The Selection Board has the option to utilize a Technical Advisory Group to assist with all or part of the evaluation process, and if used, the Selection Board shall provide written instructions detailing the extent of assistance the TAG is to provide. The Selection Board may at its discretion conduct interviews with all or a short-list of the firms that submitted a proposal. Short listed firms and the number of firms selected will be determined by a logical break in the rankings.

The Deputy Director will notify the Selection Board and Director of Contract Services of their concurrence/non-concurrence with the Selection Board's rankings. The Director of Contract Services will notify the appropriate Director and all firms as to the selection status. The selection of the top-ranked firm to begin negotiations will be documented on Package Letter B.

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<sup>1</sup> Cost shall not be used as a selection criterion in the procurement of engineering and design related services which are defined as program management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping or architectural related services. However, cost may be used as a selection criterion when the scope of work does not include engineering and design related services.



The Deputy Director has the limited authority to either concur with the recommendation of the Selection Board or to determine that the best interest of the state is served by either canceling the project entirely or re-advertising the project. Should the Deputy Director determine to cancel entirely or re-advertise the project, the Selection Board and Director of Contract Services will be notified in writing. The Director of Contract Services will place appropriate documentation in the selection file, notify firms that submitted a proposal that the selection has been cancelled entirely or the project is cancelled but may be re-advertised at a later date. The selection folder for the project will be labeled "Cancelled" and archived in accordance with the Retention sections covered under this directive.

The Director of Contract Services will notify the appropriate Director that the selection has been cancelled and, if re-advertised, a new selection process must follow the procedures enumerated herein.

## B. SPECIAL SELECTION PROCEDURES

### 1. Public Institutions of Higher Learning

For research activities with Public Institutions of Higher Learning, the Department will follow the regulations outlined in Office of Management and Budget (OMB) A-21. The Department may enter into contracts through direct negotiations. Pre-award audits and independent cost estimates for Public Institutes of Higher Learning contracts are not required.

### 2. Emergency

An emergency condition is a situation that creates a threat to national security, public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, fire loss, or other reasons as may be proclaimed by the Executive Director.

Emergency procurement shall be limited to those consultant services necessary to meet the emergency. The selection procedure used shall assure that the required consultant services are procured in time to meet the emergency. Given this constraint, such competition as is practicable shall be obtained. Any request by a section of the Department that a procurement be made on an emergency basis must be in writing stating the basis for the emergency procurement and the selection of the particular consultant. Deputy Director and, if federal funds are involved, Federal Highway Administration (FHWA) approval is required.

### 3. Small Purchase Procedures

The maximum contract amount under the following two (2) small purchase procedures shall be \$100,000.

a. Direct Negotiations

The Department may employ consultants by direct negotiations. The use of direct negotiations will be for a total service and shall not allow for any contract modification. The selection criteria will take into account (a) the nature of the project, (b) the proximity of the consultant to the project, (c) the capability of the consultant to produce the required services within a reasonable time, (d) past performance, and (e) ability to meet project budget requirements.

Consultants seeking to render professional services pursuant to this section shall furnish the Department a list of professional services, including fees paid therefore, performed for the Department during the fiscal year immediately preceding the fiscal year in which the negotiations are occurring and during the fiscal year in which the negotiations are occurring. Deputy Director and, if federal funds are involved, Federal Highway Administration (FHWA) approval is required.

b. Sole-Source

Sole-source procurement is not permissible unless there is only a single consultant available to perform the work. In cases of reasonable doubt, competition should be solicited. Any request by a section of the Department that a procurement be restricted to one potential consultant shall be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need. Deputy Director and, if federal funds are involved, Federal Highway Administration (FHWA) approval is required.

## 4. On-Call Consultant Listing

The following criteria will be used in the order listed to evaluate and justify the selection of a firm from the on-call list:

- a. Firm selection presents a value to the Department by virtue of reduced tasks to achieve results
- b. Special expertise and knowledge required to perform scope of services
- c. Firm's responsiveness to the Department under current on-call contract
- d. Cost.<sup>2</sup>
- e. Value of work as compared to the other firms on the specific on-call list. The value of work assigned to each firm may depend on the availability of qualified staff.

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<sup>2</sup> Cost shall not be used as a selection criterion in the procurement of engineering and design related services which are defined as program management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping or architectural related services. However, cost may be used as a selection criterion when the scope of work does not include engineering and design related services.

The appropriate Contract Manager is responsible for selecting a firm from the on call list. Justification of on-call firm selection will be submitted in writing by the appropriate Contract Manager to the appropriate Deputy Director along with the recommended contract modification. Each of the above criteria will be addressed in this justification.

This documentation will be archived in the negotiation file maintained by the Office of Contract Services.

#### V. RELEASE OF PROJECT SPECIFIC INFORMATION

All project specific questions from interested consultants are to be directed to and answered by the "Contact Person" appointed by the Selection Board and identified in the announcement. The above applies to all Department employees. This procedure does not preclude the answering of general procedural and policy questions by any Department employees.

The Contact Person must be knowledgeable of the specific scope of services and be available by appointment to discuss the project with interested consultants. If the Contact Person cannot, at the time of asking, answer a question from a consultant, the Contact Person will obtain the answer to the specific question and advise the consultant in sufficient time to meet the requirements of the announcement. The Contact Person is not to refer consultants to other areas of the Department for project specific information. The Contact Person will maintain a log of inquiries and responses regarding each solicitation.

#### VI. NEGOTIATIONS

The negotiations are a critical phase of the process leading to execution of an agreement and authorization to proceed with the work. The Director of Contract Services or designee will inform all responsive consultants of the firm selected for negotiation.

A negotiation team composed of the Director or their designated representative, the Chief Negotiator and the Contract Manager will be assembled. The Director or their designated representative will chair the team. The negotiation team will be responsible for refining the scope of services (SOS), project schedule (PS), man-hours, job classifications, hourly rates, direct non-salary costs, and fixed fee (profit). Resources to be used in the negotiations may include but not be limited to the scope of services, cost estimates, and the audit opinion issued resulting from a pre-award audit.

When negotiating a services contract that involves staff augmentation, the Director of Human Resources or their designated representative will be added to the negotiation team and the negotiation team shall assess the cost of such services against the cost of obtaining the same services through the hiring of a temporary employee. The team will also consider the type of services and the length of time that the service will be required. The final determination shall consider all of these factors and will be documented in the negotiation file.

If it is determined by the negotiation team that a temporary employee is the most appropriate means of acquiring the services and the most cost effective, the established process for hiring a temporary employee will be followed.

THE STEPS TO BE FOLLOWED IN THE NEGOTIATION PROCESS ARE AS FOLLOWS:

A. SCOPE OF SERVICES

1. PREPARATION FOR SCOPING MEETING

- a. The Director, or their representative, if necessary, will arrange for a meeting with the consultant for the purpose of negotiating and refining the SOS, the PS, and providing information to the consultant regarding the negotiation process.
- b. The Director, or their representative, will furnish the firm any preliminary data previously assembled for the project such as location and design reports, aerial photography, mapping, studies, traffic data and other items currently in the possession of Department.
- c. The Director, or their representative, will direct the consultant to prepare a general scope and a schedule and to bring or send copies of the same to the Contract Manager and Chief Negotiator. The consultant will prepare the scope and schedule independent of the Department based on the preliminary scope, any preliminary data, and the consultant's understanding of the project. The schedule will be in sufficient detail to determine any assumptions related to Department review and approval timeframes for project components, and other items requiring approval from the Department or other regulatory agencies.
- d. The Director, or their representative, will develop a general scope and schedule for the project by completing the SOS and PS, making any necessary revisions as may be required by the particular project. This scope and schedule will be prepared independent of the scope and schedule prepared by the consultant. The Director, or their representative, will seek assistance from various sections within Department for specialized areas of work such as hydrology, environmental, rights-of-way, bridge design, and construction. The Director, or their representative, may hold an internal scoping meeting of Department personnel for large or unusual projects.

2. SCOPING MEETING DEPARTMENT/FIRM (if required):

A review and comparison of the scopes and schedules prepared by Department and the consultant will ensue. Differences will be discussed for the purpose of refinement and mutual agreement. When general agreement of the scope and

schedule is reached, the Director or their representative will request the consultant to revise and resubmit the SOS and PS if necessary. Final scope details that are generally minor in nature may be finalized at a subsequent meeting to negotiate man-hours and cost.

## B. MAN-HOURS AND COST

The Director or their representative and Chief Negotiator will direct the consultant to prepare their Man-Hour Requirements (MR) and Cost Estimate (CE) after approval of the Scope of service and project schedule and submit a copy of the consultant's MR and CE to the Chief Negotiator.

### 1. PREPARATION FOR MEETING (if required):

- a. The Director, or their representative, refine and update the Department independently prepared preliminary cost from Package Letter A or as prepared by the Contract Manager for "on call" projects and prepare independent estimates of man-hours and cost based on the agreed and approved scope and schedule. The Department prepared MR and CE are confidential and the information thereon shall not be shared with the consultant before the negotiation meeting or through other correspondence with consultant.
- b. After preparation of the Department's estimate and submittal to the Chief Negotiator, the negotiation team will meet to review the consultant's Manpower Requirements (MR) and Cost Estimate (CE). If the negotiation team finds the estimate and scope to be appropriate, the contract can be recommended for approval. If not, the Department will arrange for a negotiation meeting with the consultant. The purpose for the meeting is to reach agreement on the total scope, man-hours, direct non-salary costs, and fixed fee by negotiation. In the event the project will use a lump sum contract, the negotiation team will review the scope, schedule and fee structure for the project and follow the above process for recommendation or arrangement for a negotiation meeting with the consultant.
- c. The Director, or their representative, may distribute the consultant's completed MR and CE to the appropriate sections within the Department for review and comparison with the Department completed MR and CE before the negotiation meeting.

## 2. NEGOTIATION MEETING (if required):

- a. The negotiation team will compare the man-hours, job classifications, and hourly rates proposed for each task of work for the purpose of ascertaining the appropriateness of the same and will discuss with the consultant at the meeting those items that are unacceptable or in question. Acceptance will be by mutual agreement of the negotiation team and the consultant. It is anticipated that the approved scope will be refined as a result of these discussions and minor revisions may be made. The Department may terminate negotiations if agreements cannot be reached.
- b. The negotiation team will also compare direct non-salary costs on a task-by-task basis and make any revisions as agreed on by negotiation. Subconsultant fees will be negotiated based on Department experience on other projects, with consideration given to those items listed in paragraph C below for negotiation of fixed fee (profit).
- c. After agreement on other costs, the negotiation team will negotiate the fixed fee (profit) with consideration of the financial and professional investment required, the extent, scope, complexity, character, and duration of services, the degree of responsibility to be assumed by the consultant, and other factors as may be considered at the time of negotiation.
- d. The Director of Contract Services or representative will prepare an agreement for consultant services to include the mutually agreed decisions resulting from the negotiations.
- e. If the Chief Negotiator determines that further negotiations will not result in an acceptable agreement, he/she will notify the Director of Contract Services in writing giving the reason(s) for terminating negotiations. The Director of Contract Services will notify the firm in writing that negotiations are terminated stating the reason(s) given by the Chief negotiator. A copy of this letter will be provided to the appropriate Deputy Director, Director, Selection Board, and Chief Negotiator. The Director of Contract Services will notify the negotiation team to begin the negotiation process with the next firm in the ranking order of negotiation.
- f. The Director, or their representative, and Chief Negotiator jointly will be responsible for documenting the negotiations including preparation of the RECORD OF NEGOTIATION Form (see Office of Contract Services).

## VII. ESTIMATING

The cost estimate for consultant services is one of the most important resources available to the Department in the negotiation process. The accuracy and completeness of the cost estimate is vital to the successful negotiation of the agreement for consultant services.

### A. Overhead Rates:

Overhead rates established in accordance with the Federal Acquisition Regulations and approved by a cognizant agency shall not be limited by any administrative or de facto ceilings nor shall they be negotiated (see 23 CFR 172). For the purpose of this section the Department will consider the following overhead categories:

#### 1. Home Office Rate (Schedule of Indirect Costs)

Comprised of a logical total company indirect cost grouping allocated in accordance with generally accepted accounting principles and subject to limitations as stated in Part 31 of the Federal Acquisition Regulations and in other certain appropriate Federal Regulations.

#### 2. Field Office Rate

A consultant's employees may work for a period of time in an on-site office maintained by the Department. Since the consultant's employees are not working out of their own offices and are not receiving office support in their day-to-day activities, the hours billed for them do not qualify for the consultant's full overhead rate. The purpose of the field rate is to pay the consultant for the fringe benefits and home office support they do provide to their field employees.

For Department projects of which the consultant's employees are working for a period of time away from the consultant's home office such as a remote field office trailer or the Department is providing an office or other facility owned or maintained by the Department, the consultant shall use their field office rate as approved by a cognizant agency in accordance with appropriate Federal Regulations.

### B. Cost Limitations

The Department's Executive Director may establish cost limitations, including but not limited to, salary cap, mileage rate limits, etc., as considered appropriate except on overhead rates as detailed in letter "A" above. Any cost limitation will be in writing by the Executive Director (see 23 CFR 172).

C. Exceptions

Independent cost estimates are required for all contracts with the exception of Public Institutions of Higher Learning (see Section IV, letter B, number 1) and initial (basic) on-call contracts. For on-call contracts, independent estimates shall be prepared prior to individual contract modifications.

THE STEPS TO BE FOLLOWED IN THE PREPARATION OF COST ESTIMATES ARE GIVEN BELOW:

A. PRELIMINARY ESTIMATE

The Director, or their representative, will make a preliminary estimate of the cost of consultant services when consultant services are requested. This preliminary cost estimate will be included in Letter Package A. An acceptable method for making the preliminary estimate is to use a percentage of the estimated construction cost based on historical data for work of similar scope, nature and complexity.

B. DEPARTMENT PREPARED ESTIMATE FOR NEGOTIATION

1. The Director, or their representative, with assistance from the Chief Negotiator, will prepare a schedule of Manpower Requirements (MR). The Manpower Requirements (MR) will identify the various tasks required, along with the man-hours and job classifications required to accomplish the services described in the negotiated and accepted SOS. In preparing the Manpower Requirements (MR), the Director, or their representative, with assistance from the Chief Negotiator, will be assisted by various sections within the Department for specialized areas of work such as hydrology, environmental, rights-of-way, bridge design, construction, etc.
2. The Director, or their representative, will prepare a documented Cost Estimate (CE) for use in the negotiations by completing the following information for each item of work:
  - a. The number of man-hours summarized on the Manpower Requirements (MR).
  - b. The payroll cost based on the job classifications and the average hourly rate for the various classifications. The average hourly rates are based on Department's experience and are available from the Chief Negotiator.
  - c. The direct non-salary costs. Estimates should be based on past experience with projects of similar nature and complexity.



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d. The cost of services subcontracted to others. Estimates should be based on past experience with projects of a similar nature and complexity.

Upon completion of the above information, the Director, or their representative, and Chief Negotiator will discuss and refine if necessary.

### C. CONSULTANT PREPARED ESTIMATE FOR NEGOTIATION

The consultant will prepare an MR and a completed CE in a similar manner as described in paragraph B above.

### D. FINAL NEGOTIATION ESTIMATE

The consultant will complete a revised CE based on the results of the negotiations and provide one (1) copy to the Chief Negotiator and two (2) copies to the Director, or their representative. The Director, or their representative and Chief Negotiator, will verify that the revised Cost Estimate (CE) is in accordance with results of the negotiations.

The hourly rates used in preparing the CE should fall within the range normally expected for the various job classifications. Hourly rates which exceed the normal must be justified by the consultant. The project agreement will be prepared based on this completed CE.

## VIII. REQUESTING AUDITS

The Office of Contract Services is responsible for requesting pre-award, progress and final audits as appropriate.

### A. Pre-Award Audits

1. Basic Agreements (New Selections) consultants: Pre-award audits will be requested by the Office of Contract Services for all consultant Basic Agreements.
2. Contract Modifications Consultants: Pre-award Audits will be requested by the Office of Contract Services on all contract modifications of \$250,000.00 or more. Pre-award audits may be requested by the Office of Contract Services for lesser amounts if the Office of Contract Services' review of previous audits notes prior concerns, if new work items not found in previous audits are included in the Contract Modification or if there are other concerns that the Office of Contract Services considers a need for audit review.

Exceptions: Projects which are bid on a per parcel or low bid basis and projects with Institutes of Higher Education governed by OMB Circular A-21 will not require pre-award audits unless the Office of Contract Services considers it necessary.

Note: The Office of Contract Services or appropriate Director reserves the right to recommend Letter Contracts (Limited Notice to Proceed) prior to the issuance of a pre-award audit and prior to the execution of the primary agreement or contract modification. The Director shall document the reasons for moving ahead, and why the action is considered in the best interest of the SCDOT. Such actions shall require a Letter Contract Execution by the appropriate Deputy Director. The Letter Contract shall state the following:

1. The limited scope of services
2. Maximum dollar value
3. Time limit to negotiate and secure a full contract
4. Reference to the terms and conditions of the SCDOT's Standard Basic Agreement applying
5. Other factors considered necessary to define the intent of the Letter Contract

**B. Progress Audits**

Progress audits will be requested by the Office of Contract Services for uninterrupted projects of five (5) years or more. The Office of Contract Services may request or Agency Audits may perform a progress audit for any project of any term if either considers it to be in the best interest of the SCDOT.

**C. Final Audits**

The Office of Contract Services will notify the Accounting Office, Preconstruction Management Office and Agency Audits Office at the completion of all Consultant and Institute of Higher Education projects. Final audits will be conducted by the Agency Audits Office in accordance with the Agency Audits Office Procedures Manual. The Office of Contract Services may specifically request that a final audit be performed.

**D. Audit Findings Resolution**

Audit findings will be resolved by the Office of Contract Services with assistance from the Contract Manager prior to the execution of an agreement, contract modification or closing a project. Explanation and assistance will be requested from SCDOT Agency Audits as necessary. The results of the resolution will be in writing by the Office of Contract Services with a copy provided to the Contract Manager, consultant and Agency Audits.

**IX. ORIGINAL AGREEMENTS**

**A. COMPLETE PROJECT CONTRACT**

1. It is the intent of SCDOT to contract for projects of a well defined scope and nature for which logical and easily identifiable beginning and ending points can be established in their entirety. The following types of contracts will be considered depending on the sufficiency of defined scope of services, parameters or requirements:
  - a. Class I Project – A project whose scope of services, parameters and requirements are well defined. A Class I Project generally should not require contract modifications. A lump-sum agreement should generally be considered.
  - b. Class II Project – A project of which the Department is unable to provide sufficiently defined scope of services, parameters or requirements. A cost plus fixed fee with contract maximum agreement should generally be considered.
  - c. Class III Project – A project whose scope of services, parameters and requirements allow for costs to be accumulated into one unit. An approved unit cost payment method should generally be considered. Typical services provided for under a Class III Project are geotechnical and aerial photography services.
2. For purposes of fiscal efficiency, the Department may elect to negotiate individually each phase of a multiple phase contract. An agreement for a project with multiple phases may be executed upon agreement as to the cost of the initial phase. Agreements for projects with multiple phases will clearly state that the agreement is for the total project and the negotiations for the remaining phases will be conducted during the course of the agreement. The agreement shall also state that the Department reserves the right to discontinue the agreement at the end of any phase at the sole discretion of the Department. Before beginning negotiations for each subsequent phase within a contract, a request to negotiate the next phase of work including a justification for continuing with the contract will be prepared. The justification should consider general scope of work for the phase, estimated cost, project schedule, coordination of work with other phases, benefits and/or detriments of continuing with the original agreement including the effects of a new consultant selection process. The justification shall be forwarded to the Director for approval prior to proceeding with negotiations for the next phase.
3. Negotiations for individual phases of work will be conducted in accordance with Section VI and will be conducted during the course of the agreement. Work shall not commence on a phase until negotiations for that phase are concluded and approved.
4. When the agreement includes both the preparation of an environmental document and subsequent final engineering and design, the Director will conduct a review

that addresses the objectivity of the environmental document. The review will be submitted to the FHWA Division Administrator for concurrence before authorizing the consultant to perform final engineering and design.

5. Failure to obtain approval to negotiate a phase or approval of the negotiated phase will require that the work of that phase be accomplished by Department staff or a new consultant selection process be held in accordance with the procedures set forth in this document.

## B. PROJECT PHASE CONTRACT

Projects on new locations, on significant realignments, or which are unusually large or are of an unusual nature such that there is insufficient information to define the overall scope should be contracted by individual phases. Under normal circumstances a new selection will be held and a new contract written for each phase for work. Any circumstances which require a change in these procedures will require justification and the approval of the Deputy Director and the FHWA Division Administrator.

## X. CONTRACT MODIFICATIONS

A contract modification is required in order to make alterations and include unforeseen work which is incidental to the proper completion of the work required in the original agreement. A contract modification should be made for any alteration in the terms of the original agreement that change the cost; significantly change the character, scope, complexity, or schedule of the work; or significantly change the conditions under which the work is required to be performed. All changes in the required schedule, work or fee require written authorization from Department and when Federal funds are used, FHWA approval in accordance with the terms of the SCDOT/FHWA Operational Agreement prior to implementation. The responsibilities for the initiation of a proposed contract modification are as follows:

- A. Director, or their representative – It is the Director, or their representative's responsibility to see that any changes are negotiated, agreed to and authorized in accordance with Department procedures. When the firm is notified of changes found necessary by Department, the notice will clearly state that it is not an authorization to proceed with the work required by the changes and will advise the firm of the steps necessary to negotiate the change.
- B. Consultant – The consultant should provide a written explanation of any requested contract modification. This explanation should clearly identify the change and its effects on the project. This explanation should also include a clear, concise and detailed explanation of the necessity of the contract modification, including specific reasons as to why this proposed change was not included in the original agreement or any previous contract modification.

- C. Should a Request For Contract Modification which includes additional work not be approved, a new selection process will be required in order to accomplish the additional work through the use of a consultant, or consideration of use of an "on call" consultant may be requested for approval.

## XI. DESIGN CONTRACTS AND SUBSEQUENT CONSTRUCTION MANAGEMENT AND ENGINEERING INSPECTION

Generally, consultant(s) providing design services will not be used to perform construction management and engineering inspection on the same project. The Deputy Director, and when federal funds are used, the FHWA Division Administrator must approve exceptions to this restriction. This restriction does not apply to design services performed during construction such as shop drawing reviews or responding to design issues that arise during construction.

## XII. CONTRACT ADMINISTRATION

The Director of Contract Services and the Contract Manager share responsibility for the administration of the contract.

### A. RESPONSIBILITIES

#### 1. DIRECTOR OF CONTRACT SERVICES

- a. Maintain a contract file that includes as a minimum:
  - Original contract and contract modifications
  - Documentation of selection process
  - Documentation of the negotiation process
  - Documentation of the estimating process
  - Documentation of Commission Approval
  - Claims
  - Insurance information
  - Audit reports (Pre-award, Progress, and Final)
  - Performance evaluation
  - Letters of Interest\*
  - When federal funds are used, FHWA approval of advertisement, scope of work and contract modifications in accordance with the terms of the SCDOT/FHWA Operational Agreement

\*Note: Due to the large number and size of letters of interest, the Department will not retain these files after completion of the selection process and agreement execution. One copy or CD of the selected proposal will be maintained in the contract file.

- b. Advise the consultant regarding audit results, interpretation of contract terms and conditions, contract modifications, and other related items.

- c. Provide information on firms responding to individual advertisements to the Selection Board and Technical Advisory Group as needed including, but not limited to (1) value of contracts and contract modifications executed with each consultant; (2) consultant performance evaluations; (3) errors and omission claims and status of any such claims for each consultant.

## 2. CONTRACT MANAGER

The Contract Manager is responsible and accountable for all aspects of the consultant's performance of the contract. Duties include:

- a. Maintain a project file that will include:
  - Copies of original agreement and contract modifications
  - Letter of Justification
  - Authorization of funding
  - Project correspondence
  - Documentation of all decisions affecting the work
  - Minutes of all progress meetings
  - Progress reports
  - Monitoring reports
  - Performance evaluations
  - Consultant invoices
- b. Provide and coordinate the technical review of work by functional areas of expertise such as roadway design, bridge design, hydrology, construction, maintenance, etc. to ensure completeness, accuracy, and consistency with the terms, conditions, and specifications of the contract.
- c. Manage the consultant's work to include progress meetings to assure that project schedule milestones are met. Review and monitor project progress as reported on consultant's monthly progress reports. If the progress of work is behind schedule, the Contract Manager will determine the cause of the delay. If the delay is due to no fault of the consultant, the Contract Manager will make every effort to resolve the cause of delay and restore the normal execution of work. If the delay is due to factors under the consultant's control, the Contract Manager will issue written notification to a principal of the firm with remedial instructions.
- d. Be familiar with the qualifications and responsibilities of the consultant's staff. Personnel specifically identified in the consultant's proposal or contract as assigned to the project should be performing those tasks for which they have been identified. Ensure that if substitution of personnel has taken place that the substitute has comparable qualifications.
- e. Visit the project and/or the consultant's offices on a frequency commensurate with the magnitude, complexity, and type of work. Visits are made to verify

progress, quality of work, quality control program, location of work, and personnel assigned to the project. This includes being aware of the day-to-day operations for contracts involving construction-engineering services.

#### B. INVOICE PROCEDURES

The consultant will be required to provide a written progress report with its invoice for the covered period. The progress report shall describe the work performed during the covered period. The Contract Manager will assure that costs billed are consistent with the acceptability and progress of the work. Consultant invoices should be processed for payment only upon verification of the percentage of completion. The Contract Manager shall receive from the consultant a breakdown of man-hours completed for the various tasks as identified in the consultant's Manpower Requirement (MR) schedule, a cost line item for overhead, a cost line item for profit, and a breakdown for other direct costs and sub-consultant services. If the percentage completed is less than the percentage billed, the Contract Manager will promptly notify the consultant of the percentage to be used. Total cost in excess of the approved percentage multiplied by the upper limit of compensation will not be approved for payment. The Contract Manager will sign all requests for payment (SCDOT Form 608) to indicate that the percentage of completion and the costs billed are accurate to the best of their knowledge.

#### C. PERFORMANCE EVALUATIONS

The Contract Manager will advise, in writing, the Director, Selection Board and Director of Contract Services of any substandard performance by the consultant at any time during the course of the work. The Contract Manager will evaluate and discuss interim contract performance with the consultant semi-annually. The semi-annual evaluation form will be submitted to the Director of Contract Services. Upon substantial completion of the work, the Contract Manager will conduct a final performance evaluation with the consultant and prepare and submit the final performance evaluation report to the Director of Contract Services.

### XIII. ERRORS AND OMISSION

The Director will advise the Contract Manager and the Director of Contract Services of any changes in a construction, maintenance or other contract that relate to errors or omissions by the consultant. The Contract Manager will be responsible for assuring that the consultant performs such additional work as may be necessary to correct errors or omissions in the work required under the consultant contract without delays and without additional cost to the Department.

Should the error or omission result in additional costs to the Department, the Contract Manager will provide a report on the consultant's negligence and liability in the error and omission to the Director. The Director will review the report and provide a recommendation to the Deputy Director for any case where the consultant is determined to be liable for additional construction

costs. The process will follow the procedures stated under Engineering Policy and Procedure Directive Number 44.

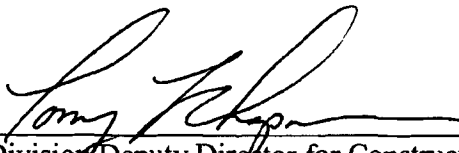
**XIV. AUTHORIZATIONS AND APPROVALS**

- A. The Selection Board will approve the announcement, selection criteria and relative importance. The Selection Board has the sole authority to recommend to the Deputy Director the ranking order of negotiation for concurrence.
- B. The Deputy Director has concurrence or non-concurrence authority for short listed consultants and the final order of negotiation.
- C. Formal termination of a contract or agreement for any reason will be by letter from the Director of Contract Services to the Consultant.
- D. The Executive Director or designee has approval authority for all agreements and contracts. It shall also be the responsibility of the Executive Director to advise and inform the Commission as appropriate.
- E. If Federal Aid funds are to be requested for the project, FHWA approval of the advertisement and scope of work must be obtained according to the SCDOT/FHWA Operational Agreement (See EDM G-5 included herein by reference). FHWA's approval of the consultant agreement is not required if the Department's standard agreement is used and selection procedures are in accordance with this Directive. FHWA approval must be obtained for the additional scope of work associated with any contract modifications in accordance with the SCDOT/FHWA Operational Agreement.
- F. The Executive Director approval of any exceptions to these procedures is required, and when federal funds are used, the FHWA Division Administrator's approval is required.

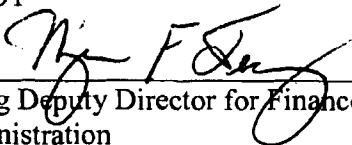


APPENDIX 1

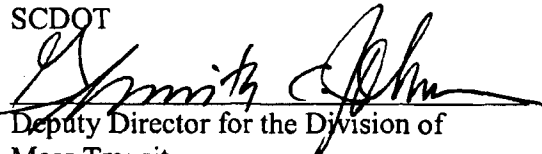
Recommended:

  
Division Deputy Director for Construction,  
Engineering and Planning  
State Highway Engineer  
SCDOT

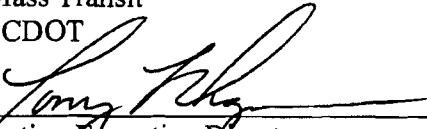
Recommended:

  
Acting Deputy Director for Finance and  
Administration  
SCDOT


Recommended:

  
Deputy Director for the Division of  
Mass Transit  
SCDOT

Approved:

  
Acting Executive Director  
SCDOT

Approved:

  
Division Administrator  
FHWA

Effective Date: 5/1/07

**APPENDIX 2  
ATTACHMENT A**

From: Sherry Barton  
Director of Agency Audits  
SCDOT

Date: June 13, 2006

Subject: Consultant Prequalification Processes

The South Carolina Department of Transportation is evaluating our Consultant processes.

We do not currently have a prequalification process for consultants. Also, while the majority of our consultants have their overhead rates audited by a CPA, we do not require that they do so.

We have been asked to determine how many State Departments of Transportation prequalify consultants and/or require CPA audited overheads.

We would also like copies of related procedures.

Please email your responses to me at [bartonsd@scdot.org](mailto:bartonsd@scdot.org). If your procedures are available on your website, a link to the appropriate site would be appreciated. If you are willing to share procedures that are not available electronically, please mail copies to my attention at P.O. Box 191, Room 539, Columbia SC 29202-0191.

Thank you very much for your assistance.

## APPENDIX 2 ATTACHEMENT B

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts?
2. How does your state handle the consultant pre-award and post-audit functions?
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☐ Yes ☐ No  
If so, what are they?

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued?
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)?
6. Are all consultants pre-qualified by your agency? ☐ Yes ☐ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?
7. What does the pre-qualification process include –  
Review of qualifications? ☐ Yes ☐ No  
Review of business stability? ☐ Yes ☐ No  
Review of accounting system and controls? ☐ Yes ☐ No  
Who provides input on the pre-qualification?  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☐ No  
How? [i.e. accounting system review, going concern review, financial capability validation?]
8. How long does the pre-qualification last before it must be renewed?  
Is there an expedited process for repeat applicants?
9. What factors does the DOT consider most important in selecting its consultants?
10. Describe the sign off procedure and work flow for contract signing.  
How long does it take?
11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays?  
Please describe the issues.
12. How large a group of consultant firms does the DOT actively contract with?

#### Pre-Qualification – How do you determine a firm is eligible to bid on a project?

13. Why do/don't you have a pre-qualification process?
14. Why did/didn't you choose to implement a pre-qualification process? Any studies completed?  
What are they? Can they be shared?

## APPENDIX 2 ATTACHEMENT B

### Pre-Qualification Process Survey

15. If you were to choose something about the pre-qualification process to improve, what would it be?

Describe the change and the desired associated benefits.

16. What is the most effective aspect of your current pre-qualification process?

17. How long does the pre-qualification process typically take to complete?

What causes major delays?

How do you expedite the process?

18. If you were to choose something about the selection process to improve, what would it be?

Describe the change and the desired associated benefits.

19. What is the most effective aspect of your current selection process?

20. How long does the selection process typically take to complete?

What causes major delays?

How do you expedite the process?

#### Implementation

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now?

22. What were some of the implementation challenges?

How were these challenges overcome?

23. Describe some benefits earned by implementing a pre-qualification system.

#### **Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group?

How long do their roles typically take to complete?

Are they a bottleneck at any stage? ☐ Yes ☐ No

If so, why?

25. If you were to choose something to improve the way audits works with consultants, what would it be?

☐ Yes ☐ No

Describe the change and the desired associated benefits.

26. What is the most effective aspect of the interaction between audits and consultants?

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.

## APPENDIX 2 ATTACHMENT C-1 ALABAMA

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts? Advertise, short list, presentations, select 3 and Director ranks 1,2 & 3.
2. How does your state handle the consultant pre-award and post-audit functions? We have an External Audit Section in our Finance Bureau.
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☐ Yes ☒ No  
If so, what are they? n/a

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued? 120-160 working days (6-8 months)
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)? 132 contracts executed @ \$38,187,097 in @007. 168 contracts executed @ \$85,903,349 average/year for last five years.
6. Are all consultants pre-qualified by your agency? ☒ Yes ☐ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?
7. What does the pre-qualification process include –  
Review of qualifications? ☒ Yes ☐ No  
Review of business stability? ☐ Yes ☒ No  
Review of accounting system and controls? ☐ Yes ☒ No  
Who provides input on the pre-qualification? consultant  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☒ No  
How? [i.e. accounting system review, going concern review, financial capability validation?]
8. How long does the pre-qualification last before it must be renewed? 2 years  
Is there an expedited process for repeat applicants? no
9. What factors does the DOT consider most important in selecting its consultants?
10. Describe the sign off procedure and work flow for contract signing. Contract is prepared and sent to Consultant. Consultant signs and returns to ALDOT. ALDOT signs and contract is sent to Legislative Oversight Committee(LOC) for review. After review, the contract goes to the Governor for his signature.  
How long does it take? 4-6 weeks unless held by LOC. If held by LOC add 45 days.
11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays? None  
Please describe the issues.
12. How large a group of consultant firms does the DOT actively contract with? ALDOT currently has contracts with about 70 Consultants.

## APPENDIX 2 ATTACHMENT C-1 ALABAMA

### **Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

13. Why do/don't you have a pre-qualification process? In order to determine that the Consultant is qualified to do business in Alabama.
14. Why did/didn't you choose to implement a pre-qualification process? Do not know Any studies completed? What are they? Can they be shared?
15. If you were to choose something about the pre-qualification process to improve, what would it be?  
Nothing  
Describe the change and the desired associated benefits.
16. What is the most effective aspect of your current pre-qualification process? Simple
17. How long does the pre-qualification process typically take to complete? 5-10 minutes  
What causes major delays? n/a  
How do you expedite the process? n/a
18. If you were to choose something about the selection process to improve, what would it be? n/a  
Describe the change and the desired associated benefits. n/a
19. What is the most effective aspect of your current selection process? ?
20. How long does the selection process typically take to complete? ?  
What causes major delays? ?  
How do you expedite the process? ?

### **Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now? Minimal. Consultants input information into our system.
22. What were some of the implementation challenges? n/a  
How were these challenges overcome? n/a
23. Describe some benefits earned by implementing a pre-qualification system. n/a

### **Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group? All lump sum contracts are audited during the man-day/fee negotiation phase.  
How long do their roles typically take to complete? 1-6 months  
Are they a bottleneck at any stage? ☒ Yes ☐ No  
If so, why? Some new consultants have not followed accounting procedures which are consistent with our requirements.
25. If you were to choose something to improve the way audits works with consultants, what would it be?  
☐ Yes ☒ No  
Describe the change and the desired associated benefits. n/a
26. What is the most effective aspect of the interaction between audits and consultants? Do not know.

**APPENDIX 2 ATTACHMENT C-1**  
**ALABAMA**

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.

## APPENDIX 2 ATTACHMENT C-2 IOWA

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts? Qualification-based selection; consultants must be prequalified in appropriate work categories.
2. How does your state handle the consultant pre-award and post-audit functions? Once consultant is selected, a scope and budget is submitted, a draft agreement is written, and a pre-audit is done. Upon submittal of final invoice, a post-audit is performed.
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☒ Yes ☐ No  
If so, what are they? Labor hours and fixed fee are negotiated.

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued? Consultant allowed 4 weeks to prepare RFP response, another month to complete selection, three weeks to develop scope and budget, two weeks for pre-audit and review, one week for signatures and management approval.
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)? \$25 million
6. Are all consultants pre-qualified by your agency? ☒ Yes ☐ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?
7. What does the pre-qualification process include –  
Review of qualifications? ☒ Yes ☐ No  
Review of business stability? ☐ Yes ☒ No  
Review of accounting system and controls? ☐ Yes ☒ No  
Who provides input on the pre-qualification? Office associated most closely with work discipline  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☒ No  
How? [i.e. accounting system review, going concern review, financial capability validation?] This step is not done until there is a proposal, a draft agreement, and a pre-audit request.
8. How long does the pre-qualification last before it must be renewed? 2 years  
Is there an expedited process for repeat applicants? No.
9. What factors does the DOT consider most important in selecting its consultants? technical ability of consultant based on previous similar projects, qualifications of project manager
10. Describe the sign off procedure and work flow for contract signing. Agreement sent to consultant for signature, gets returned and then executed by Office Director.  
How long does it take? One week.
11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays? Each selection still requires a significant amount of resources to complete the process. There are typically 3 on selection team, plus administration of consultant coordinator and management.



## APPENDIX 2 ATTACHMENT C-2 IOWA

Please describe the issues. Selecting a statewide pool for each office has reduced the need for RFP's.

12. How large a group of consultant firms does the DOT actively contract with? estimate 35

**Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

13. Why do/don't you have a pre-qualification process? We have one to eliminate non-qualified companies from wasting their time and our time submitting responses to RFP's.

14. Why did/didn't you choose to implement a pre-qualification process? We've had one in place for a long time. Any studies completed? What are they? Can they be shared?

15. If you were to choose something about the pre-qualification process to improve, what would it be? Web site needs improvement.

Describe the change and the desired associated benefits. Some consultants submit too little information and others include too much extraneous information, both of which increase time (requesting more information and sifting through extra information).

16. What is the most effective aspect of your current pre-qualification process? The process lets consultants know where they stand, with respect to our interpretation of their capabilities. If they are unable to get on a certain list, they need to hire new staff accordingly.

17. How long does the pre-qualification process typically take to complete? The consultant likely spends a few hours inputting information. Our review process takes 15 minutes in routine cases, but can take longer in instances for more information is required.

What causes major delays?

How do you expedite the process?

18. If you were to choose something about the selection process to improve, what would it be? Getting proper information from consultants.

Describe the change and the desired associated benefits.

19. What is the most effective aspect of your current selection process? That it is qualification based.

20. How long does the selection process typically take to complete? Consultant allowed 4 weeks to prepare RFP response, another month to complete selection, three weeks to develop scope and budget, two weeks for pre-audit and review, one week for signatures and management approval.

What causes major delays? Schedules of participants

How do you expedite the process? Schedule meetings early.

**Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now? Each office covers review of their technical area. We presently have presently 66 categories. Each category has a variety of companies who submit for prequalification.

22. What were some of the implementation challenges? Half of companies enroll each year (2-year renewal). The end of the year is a little hectic to review all submittals.

How were these challenges overcome? No reviewer is given too many to review.

23. Describe some benefits earned by implementing a pre-qualification system. Simplifies RFP process.

**Audit Steps** – *How does the audit function interact with the consultant management process?*

**APPENDIX 2 ATTACHMENT C-2  
IOWA**

24. What points in the process require input from the audit group? Pre-audit prior to agreement execution and post-audit once billings are complete.

How long do their roles typically take to complete? Pre-audit typically takes one week. Post-audit may not occur for up to three years after requested.

Are they a bottleneck at any stage? ☒ Yes ☐ No

If so, why? Post-audit. Many times waiting for audit approved rates and also due to work loads. Preaudit takes precedence over all other work.

25. If you were to choose something to improve the way audits works with consultants, what would it be?

☐ Yes ☐ No

Describe the change and the desired associated benefits. Improve turn around on final audits. We have tried to do things to help like having all consultants follow uniform invoice/billing (example invoice attached to agreement) and use more locked in overhead rate type of agreements that will hopefully reduce audit time in the future. We do need to remember when using cost plus contracts timely might be considered to be within two years after request for final audit considering all overheads need to be adjusted for final payment to be made.

26. What is the most effective aspect of the interaction between audits and consultants? On preaudit side, establishing that they have a job cost system, determining what direct costs are reimbursable and recommending type of reimbursement based on accounting system employed by the consultant. On post audit side, assuring that costs incurred are proper supported and properly billed for all types of contracts, including lump sum.

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.

**APPENDIX 2 ATTACHEMENT C-3  
KENTUCKY**

**Pre-Qualification Process Survey**

**If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".**

**Overall Process**

1. Can you briefly describe your process for awarding A&E contracts?  
KYTC uses a qualifications based selection process.
2. How does your state handle the consultant pre-award and post-audit functions?  
Annual Overhead Audits, 30% random audits of Lump sum, audits of estimated fixed fee contract.
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☐ Yes ☒ No  
If so, what are they?

**General Process**

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued?  
3 to 6 months.
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)?  
State Fiscal Year 2007 - 95 agreements totaling \$102,033,863.50 and 75 contract modifications totaling \$23,737,217.39
6. Are all consultants pre-qualified by your agency? ☒ Yes ☐ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?
7. What does the pre-qualification process include –  
Review of qualifications? ☒ Yes ☐ No  
Review of business stability? ☒ Yes ☐ No  
Review of accounting system and controls? ☐ Yes ☒ No  
Who provides input on the pre-qualification? User Divisions  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☒ No  
How? [i.e. accounting system review, going concern review, financial capability validation?]
8. How long does the pre-qualification last before it must be renewed? 1 year  
Is there an expedited process for repeat applicants? No
9. What factors does the DOT consider most important in selecting its consultants?
  1. Relative experience of consultant personnel assigned to project team with highway projects for KYTC and/or for federal, local or other state governmental agencies.
  2. Capacity to comply with project schedule.
  3. Past record of performance on projects of similar type and complexity.
  4. Project approach and proposed procedures to accomplish the services for the project.
10. Describe the sign off procedure and work flow for contract signing. Consultant; Legal Services; Deputy State Highway Engineer, State Highway Engineer, Commissioner of Highways, Secretary of Transportation, contract filed with Legislative Government Contract Review Committee.  
How long does it take? 5 weeks

**APPENDIX 2 ATTACHEMENT C-3  
KENTUCKY**

11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays?       None  
Please describe the issues.

12. How large a group of consultant firms does the DOT actively contract with?       Approximately 50  
or 154 prequalified.

**Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

13. Why do/don't you have a pre-qualification process?       Shortens the selection process.

14. Why did/didn't you choose to implement a pre-qualification process?       N/A Any studies completed?       None What are they?       N/A Can they be shared?       N/A

15. If you were to choose something about the pre-qualification process to improve, what would it be?  
Reduce the amount of paper work.

Describe the change and the desired associated benefits.

16. What is the most effective aspect of your current pre-qualification process?       Determines a pool of consultants capable of providing services.

17. How long does the pre-qualification process typically take to complete?       1 month  
What causes major delays?       heavy work load by user divisions reviewing applications.  
How do you expedite the process?       N/A

18. If you were to choose something about the selection process to improve, what would it be?  
N/A  
Describe the change and the desired associated benefits.

19. What is the most effective aspect of your current selection process?       N/A

20. How long does the selection process typically take to complete?       2 weeks.  
What causes major delays?       N/A  
How do you expedite the process?       N/A

**Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now?       N/A

22. What were some of the implementation challenges?       N/A  
How were these challenges overcome?       N/A

23. Describe some benefits earned by implementing a pre-qualification system.       N/A

**Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group?       None  
How long do their roles typically take to complete?       N/A  
Are they a bottleneck at any stage? ☐ Yes ☒ No  
If so, why?       N/A

25. If you were to choose something to improve the way audits works with consultants, what would it be?  
☐ Yes ☒ No

**APPENDIX 2 ATTACHEMENT C-3  
KENTUCKY**

Describe the change and the desired associated benefits.

26. What is the most effective aspect of the interaction between audits and consultants? N/A

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.

## APPENDIX 2 ATTACHMENT C-4 NORTH CAROLINA

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts? After determining that we need to hire a PEF for a job, we follow the Brooks Bill.....we have a selection committee that meets (this committee varies with each award).....all committee members evaluate the firm based upon ability and other criteria considered (man power, current work load, etc).....the evaluations are reviewed and the best rated firm is selected for the job
2. How does your state handle the consultant pre-award and post-audit functions? Each proposal, no matter the size, is forwarded to the External Audit Branch.....EAB will conduct pre-awards as necessary or respond back via email to the Contracting Officer if they can proceed without a pre-award.....this could happen on smaller agreements or PEF's that we have recent favorable experience with..
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? x ☐ Yes ☐ No  
If so, what are they? Post audits on Lump Sums are good ideas to determine the effectiveness of the CO's in house estimating

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued? 60
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)? \$300,000,000/year....
6. Are all consultants pre-qualified by your agency? x ☐ Yes ☐ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?
7. What does the pre-qualification process include –  
Review of qualifications? x ☐ Yes ☐ No  
Review of business stability? x ☐ Yes ☐ No  
Review of accounting system and controls? x ☐ Yes ☐ No  
Who provides input on the pre-qualification? Audit sometimes, but we have a pre-qual unit  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☐ No  
How? [i.e. accounting system review, going concern review, financial capability validation?]
8. How long does the pre-qualification last before it must be renewed? 1 year  
Is there an expedited process for repeat applicants? yes
9. What factors does the DOT consider most important in selecting its consultants? Quality, and past experience
10. Describe the sign off procedure and work flow for contract signing.  
How long does it take? After the pre-award recommendations have been implemented the consultant may sign the agreement....our Board of Transportation meets once a month and they must approve all agreements over \$250,000....once they do the contract is signed by DOT and work may begin

## APPENDIX 2 ATTACHMENT C-4 NORTH CAROLINA

11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays? Can't recall any  
Please describe the issues.

12. How large a group of consultant firms does the DOT actively contract with? Use over 300 firms

### **Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

13. Why do/don't you have a pre-qualification process? To determine the type work a PEF may be capable of performing

14. Why did/didn't you choose to implement a pre-qualification process? Any studies completed?  
What are they? Can they be shared?

15. If you were to choose something about the pre-qualification process to improve, what would it be? I wish every state had the same pre-qual forms so consultants would not be so burdened to do different ones for each State  
Describe the change and the desired associated benefits.

16. What is the most effective aspect of your current pre-qualification process? It is now web-based

17. How long does the pre-qualification process typically take to complete? Less than a week ideally  
What causes major delays? Not being able to verify personnel or financial capacity  
How do you expedite the process?

18. If you were to choose something about the selection process to improve, what would it be?  
Describe the change and the desired associated benefits.

19. What is the most effective aspect of your current selection process? Quick turn around time, ensures fairness as well

20. How long does the selection process typically take to complete? Advertise for two weeks in directory, one week to evaluate proposals  
What causes major delays? nothing  
How do you expedite the process? can't be any quicker for us

### **Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now? I think we have 3 people dedicated to this program

22. What were some of the implementation challenges? Getting it web-based  
How were these challenges overcome?

23. Describe some benefits earned by implementing a pre-qualification system. Speed up the process

### **Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group? Sometimes the pre-qual, EAB approves all invoices after the Contracting Officer has blessed it.....We do pre-awards, and review supplemental agreements

How long do their roles typically take to complete? Less than one day  
Are they a bottleneck at any stage? ☐ Yes ☒ No

**APPENDIX 2 ATTACHMENT C-4  
NORTH CAROLINA**

If so, why?

25. If you were to choose something to improve the way audits works with consultants, what would it be?

☐ Yes   x ☐ No

Describe the change and the desired associated benefits.

26. What is the most effective aspect of the interaction between audits and consultants? We have very open communication with our consultants and they know what to expect from us as well. We talk much with the PEF's and by doing so stay familiar with their personnel and accounting operations.

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.



## APPENDIX 2 ATTACHMENT C-5 VIRGINIA

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts? We advertise Requests For Proposals (RFP) in the newspaper and on-line. The interested consultant engineering firms prepare an "Expression of Interest" (EOI) statement and submit it to VDOT by the prescribed deadline. The EOI's are reviewed and ranked. The top 3 firms are shortlisted and invited to interviews (oral presentations). After the interviews are completed the firms are ranked again. The number 1 ranked firm is selected and asked to submit a cost proposal for negotiations. Once the selected firm submits their cost proposal External Audit performs a pre-award evaluation on the prime and all sub-consultants cost proposal and make recommendations for cost containment and compliance with VDOT policy to the contracting officer.
2. How does your state handle the consultant pre-award and post-audit functions? I explained the pre-award function above. We perform a final cost review on all consultant engineering contracts. We perform sample testing of selected costs (e.g. labor, other direct costs) using desk reviews and site audits on a case by case basis.
3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☒ Yes ☐ No  
If so, what are they? Requiring actual payroll registers to support proposed hourly rates, limiting escalation to 1.5% in the first year and 3% for all subsequent years of the contract. We also include language in our RFP that requires the selected team (prime and all subconsultant with proposed costs of \$25 thousand or more) to have an indirect (overhead) cost rate audited in accordance with the Federal Acquisition Regulations (FAR) by an independent CPA firm or cognizant government agency. If firms wish to bill CAD/Computer costs directly they must first be audited and included in the FAR overhead audit report and we still limit the reimbursement to \$6 per hour.

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued? On the average about 6 months.
5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)? 50 or more contracts with a dollar value of over \$100 million.
6. Are all consultants pre-qualified by your agency? ☐ Yes ☒ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified? We do not prequalify consultants. We perform a pre-award evaluation as described above.
7. What does the pre-qualification process include –  
Review of qualifications? ☒ Yes ☐ No  
Review of business stability? ☐ Yes ☐ No  
Review of accounting system and controls? ☒ Yes ☐ No  
Who provides input on the pre-qualification?  
Does the unit that handles audits get involved in the pre-qualification process? ☒ Yes ☐ No  
How? [i.e. accounting system review, going concern review, financial capability validation?] Sit in on negotiations for some contracts.
8. How long does the pre-qualification last before it must be renewed?  
Is there an expedited process for repeat applicants?

**APPENDIX 2 ATTACHMENT C-5  
VIRGINIA**

9. What factors does the DOT consider most important in selecting its consultants? The consultants qualifications. Qualifications Based Selection (QBS).
10. Describe the sign off procedure and work flow for contract signing. District/Division fill out request to use consultant. Approved by the Commissioner. The VA Office of the Attorney General (OAG) reviews the contract language. External Audit reviews and signs the contract before it goes to the Commissioner for execution  
How long does it take? 2 weeks on average.
11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays? Obtaining all of the required information or documentation needed to complete the pre-award evaluation.  
Please describe the issues. Consultants are reluctant or slow in providing what is needed.
12. How large a group of consultant firms does the DOT actively contract with? About 25 firms are the main prime consultants, however we probably deal with another 150 smaller consultants that are used as sub-consultants to the primes.

**Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

13. Why do/don't you have a pre-qualification process? We have discussed it but have never adopted a pre-qualification process for the consultants.
14. Why did/didn't you choose to implement a pre-qualification process? No political will. Any studies completed? Not that I'm aware of. What are they? Can they be shared?
15. If you were to choose something about the pre-qualification process to improve, what would it be?  
N/A  
Describe the change and the desired associated benefits.
16. What is the most effective aspect of your current pre-qualification process? N/A
17. How long does the pre-qualification process typically take to complete?  
What causes major delays?  
How do you expedite the process?
18. If you were to choose something about the selection process to improve, what would it be?  
Describe the change and the desired associated benefits.
19. What is the most effective aspect of your current selection process?
20. How long does the selection process typically take to complete? 6 months.  
What causes major delays? Politics, incomplete or inaccurate information  
How do you expedite the process? Educate the consultants as to what is needed.

**Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now?
22. What were some of the implementation challenges?  
How were these challenges overcome?
23. Describe some benefits earned by implementing a pre-qualification system.

**APPENDIX 2 ATTACHMENT C-5  
VIRGINIA**

**Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group? Pre-award of the cost proposal and review and signing of the contract.

How long do their roles typically take to complete? Pre-award 30 days, contract signing one day.

Are they a bottleneck at any stage? ☐ Yes ☒ No

If so, why?

25. If you were to choose something to improve the way audits works with consultants, what would it be?

☐ Yes ☒ No

Describe the change and the desired associated benefits.

26. What is the most effective aspect of the interaction between audits and consultants? Containing and reducing costs.

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

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Thank you so much for your time and assistance in completing the questionnaire.

## APPENDIX 2 ATTACHEMENT C-6 WYOMING

### Pre-Qualification Process Survey

If responding to the survey, use your mouse to click on the appropriate response box. Text boxes will expand as you type your response. For the Yes/No boxes, click the box to indicate your response. If you need to modify your response, you may click the box again to remove the "x".

#### Overall Process

1. Can you briefly describe your process for awarding A&E contracts?

**A. Consultants are required to submit statements of interest with information specified on our web page at <http://www.dot.state.wy.us/Default.jsp?sCode=bizsc> in order to be considered for any contracts with WYDOT.**

**B. When an internal Program requires professional services, they submit a request form to the Engineering Services office and a long list of matching consultants is provided.**

**C. For contracts under \$50,000 an informal selection can be made from anyone on the long list. For contracts over \$50,000 a formal ranking and selection is done by a selection committee of 3-5 people and negotiations are pursued with the selected firm.**

2. How does your state handle the consultant pre-award and post-audit functions?

**For pre-award, an audit is done on firms selected for any contract over \$50,000 if they do not have a current audit done within the last two years.**

**Post-audit functions are done on a random basis either at the request of the Internal Review office or other Programs overseeing a particular agreement.**

3. Are there specific practices or tools used in your consultant management activities that you consider especially effective for getting good results? ☒ Yes ☐ No  
If so, what are they?

**For change orders to agreements, we have a process that allows the Project Administrator to give verbal approval for necessary changes to keep the project moving. However, once verbal approval is given, they have 7 days to document it with a standard form (CS-9) developed by WYDOT. Once the consultant receives the CS-9, they have 14 days to submit their formal change order request and fee proposal to Engineering Services for processing. This process allows work to keep going while the formal paper work is still be processed.**

#### General Process

4. How long does it generally take (in days) from the time a consultant project is advertised until the Notice to Proceed is issued?

**WYDOT formally advertises very few consultant projects. Our web page is considered the general advertisement for consultants to be considered for all projects within their field of expertise.**

**From the point of selection to NTP usually takes 30-60 days for small (<\$50,000) agreements and 60-120 days for large (>\$50,000) agreements. If a formal advertisement is necessary for other reasons, it can take up to 180 days.**

5. What is your overall level of consultant activity (number of consultant contracts and/or dollar amount of contracts)?

## APPENDIX 2 ATTACHEMENT C-6 WYOMING

In FY07 (October 1, 2006 to September 30, 2007) WYDOT executed 59 new consultant contracts with a dollar value of \$7.7 million. This was a slight rebound in FY07 after 3 years of significant decline. Our peak consultant use was in FY03 when we executed 133 contracts at \$13.8 million. These numbers include all of our consultant contracts, not just A&E.

6. Are all consultants pre-qualified by your agency? ☐ Yes ☒ No  
If not, how do you define who needs to be pre-qualified and who does not need to be pre-qualified?

**We do not "pre-qualify" consultants as such. We require that they submit the statement of interest (SOI) information specified on our web page and assume they do what they say they do on the Form CS-6. We do not verify references, project history, licensing, or anything else listed in the SOI.**

7. What does the pre-qualification process include – **N/A except as noted below.**  
Review of qualifications? ☐ Yes ☐ No  
Review of business stability? ☐ Yes ☐ No  
Review of accounting system and controls? ☒ Yes ☐ No **This is done as part of the audit process after a consultant is selected, not pre-qualification.**  
Who provides input on the pre-qualification?  
Does the unit that handles audits get involved in the pre-qualification process? ☐ Yes ☐ No  
How? [i.e. accounting system review, going concern review, financial capability validation?]

8. How long does the pre-qualification last before it must be renewed? **N/A**  
Is there an expedited process for repeat applicants?

9. What factors does the DOT consider most important in selecting its consultants?

**Most commonly used evaluation factors include work-related experience, personnel qualifications, previous WYDOT experience, knowledge of project, current WYDOT workload of the firm, and sometimes location.**

10. Describe the sign off procedure and work flow for contract signing.

**Once all scope and fee proposal negotiations are complete, two copies of the contract are sent to the consultant for signature. Simultaneously, if federal funds are involved, we send a copy to FHWA for approval.**

**Once FHWA approval is obtained and the signed copies are received from the consultant, both copies are sent to WYDOT Executive Staff for signature. This routing includes review and signature by the Attorney General representative, approval signature by a member of Executive Staff, and stamping and signature by the WYDOT Commission Secretary.**

**Once all signatures are obtained, the contracts are returned to Engineering Services for execution and distribution.**

How long does it take?

**Depending on the location of the consultant and the priority of the contract, it can take 1-3 weeks.**

11. What steps (or steps in past procedures) of the consultant acquisition process cause frustration and/or delays?  
Please describe the issues.

**If a WYDOT Program expects a consultant contract to be <\$50,000, they are permitted to use an informal selection process. However, sometimes the consultant's subsequent fee proposal comes in over \$50,000 during the actual contract negotiation stages. At that point, we have to require the WYDOT Program to backtrack and do a formal ranking and selection of a short list of potential**

## APPENDIX 2 ATTACHEMENT C-6 WYOMING

consultants. This seems pretty bureaucratic at this point, since the Program is more than likely going to select the firm that they have already been dealing with. It tends to cause conflict between the selecting Program and the Engineering Services office which is responsible to preserve the integrity of the selection process and, if federal money is involved, meet federal requirements.

12. How large a group of consultant firms does the DOT actively contract with?

**We currently have 202 active consultants in our dB (SOIs are good for two years) and 269 active agreements with 111 different consultants.**

**Pre-Qualification** – *How do you determine a firm is eligible to bid on a project?*

**We do not take bids on A&E projects. For pre-qualification process, see #6 above.**

13. Why do/don't you have a pre-qualification process?

**Unknown. It has been that way since before my time.**

14. Why did/didn't you choose to implement a pre-qualification process? **Unknown.** Any studies completed? **None that I am aware of.** What are they? Can they be shared?

15. If you were to choose something about the pre-qualification process to improve, what would it be? **N/A**  
Describe the change and the desired associated benefits.

16. What is the most effective aspect of your current pre-qualification process? **N/A**

17. How long does the pre-qualification process typically take to complete? **N/A**  
What causes major delays?  
How do you expedite the process?

18. If you were to choose something about the selection process to improve, what would it be?  
Describe the change and the desired associated benefits.

**I would not change anything regarding our selection process for A&E contracts. Our process seems to work well and still meet federal requirements with the exception of the comment in #11 above. The area we are currently reviewing is what to do for a selection process on contracts other than federally funded A&E projects. It seems like the process could be streamlined further for these types of contracts.**

19. What is the most effective aspect of your current selection process?

**The fact that we do very few full-blown RFP solicitations. For 99% of our contracts, our consultant database, which is filled from our web page solicitation, serves our consultant needs.**

20. How long does the selection process typically take to complete?

**See #1 and #4 above. The actual selection process only takes maybe an hour or two.**

What causes major delays? **The scheduling of 3-5 selection committee members.**

How do you expedite the process? **N/A**

### **Implementation**

21. What level of funding/employee resources was needed to implement the prequalification program and is needed to operate now? **N/A**

## APPENDIX 2 ATTACHEMENT C-6 WYOMING

22. What were some of the implementation challenges? *N/A*  
How were these challenges overcome?

23. Describe some benefits earned by implementing a pre-qualification system. *N/A*

**Audit Steps** – *How does the audit function interact with the consultant management process?*

24. What points in the process require input from the audit group?

**If a contract is >\$50,000, then we require the selected firm to be audited unless they already have an audit that was done within the last two years.**

How long do their roles typically take to complete? **1-2 months**

Are they a bottleneck at any stage? ☐ Yes ☒ No  
If so, why?

**Typically, the audit takes place parallel to negotiation of the contract scope of work and fee proposal, so the audit process is not the critical path. We may ask a consultant to use a provisional multiplier in their fee proposal until the audit is done, so the Project Administrators can review the proposed hours and distribution of hours without delay. Ultimately, the difference between the provisional multiplier and the final audited multiplier usually is not enough to make or break a contract negotiation.**

25. If you were to choose something to improve the way audits works with consultants, what would it be?  
☒ Yes ☐ No  
Describe the change and the desired associated benefits.

**(Answered by Kristin Burkhardt in Internal Review)**

**A better audit guide from ASHTO with more clearly defined guidelines would be helpful. We are a small Internal Audit group and it is very time consuming for us to go through a consultant audit. We would like to be more efficient and effective with the audits and we think the audit guide would help us accomplish this.**

26. What is the most effective aspect of the interaction between audits and consultants?

**No reply from Internal Review. They were unclear regarding the intent of the question.**

Please provide contact name and number and/or email address for person(s) completing this form and to whom any future questions should be directed.

**David Griffin, P.E.**  
**Engineering Services Engineer**  
**Wyoming Department of Transportation**  
**307-777-4488**  
david.griffin@dot.state.wy.us

Thank you so much for your time and assistance in completing the questionnaire.

# APPENDIX 3

## Contract Services

### Executed Consultant Agreements Fiscal Year Ending June 30, 2005

Month	# Agreements	Prime	Sub	Total
Jul-04	20	\$3,052,302.57	\$1,356,421.90	\$4,408,724.47
Aug-04	8	\$2,316,041.33	\$1,456,238.79	\$3,772,280.12
Sep-04	14	\$2,121,597.14	\$108,992.89	\$2,230,590.03
Oct-04	23	\$3,416,258.90	\$723,227.31	\$4,139,486.21
Nov-04	15	\$6,364,645.74	\$1,139,174.13	\$7,503,819.87
Dec-04	14	\$2,628,665.85	\$1,303,470.01	\$3,932,135.86
Jan-05	29	\$13,024,736.07	\$7,669,653.00	\$20,694,389.07
Feb-05	15	\$3,920,755.84	\$183,435.02	\$4,104,190.86
Mar-05	25	\$5,165,287.18	\$1,395,684.95	\$6,560,972.13
Apr-05	13	\$1,364,138.20	\$87,172.29	\$1,451,310.49
May-05	30	\$37,626,724.79	\$7,693,623.90	\$45,320,348.69
Jun-05	14	\$884,053.11	\$72,834.22	\$956,887.33
<b>Total</b>	<b>220</b>	<b>\$81,885,206.72</b>	<b>\$23,189,928.41</b>	<b>\$105,075,135.13</b>

### Executed Consultant Agreements Fiscal Year Ending June 30, 2006

Month	# Agreements	Prime	Sub	Total
Jul-05	14	\$2,143,249.77	\$985,985.10	\$3,129,234.87
Aug-05	27	\$2,458,042.94	\$0.00	\$2,458,042.94
Sep-05	19	\$2,495,151.47	\$0.00	\$2,495,151.47
Oct-05	11	\$658,836.38	\$75,873.01	\$734,709.39
Nov-05	20	\$1,327,598.64	\$105,736.20	\$1,433,334.84
Dec-05	12	\$1,009,030.43	\$0.00	\$1,009,030.43
Jan-06	14	\$1,556,013.93	\$55,221.98	\$1,611,235.91
Feb-06	4	\$2,092,253.05	\$247,170.93	\$2,339,423.98
Mar-06	18	\$1,416,395.91	\$296,112.28	\$1,712,508.19
Apr-06	37	\$9,070,982.65	\$1,275,082.03	\$10,346,064.68
May-06	8	\$297,001.90	\$0.00	\$297,001.90
Jun-06	6	\$617,934.54	\$0.00	\$617,934.54
<b>Total</b>	<b>190</b>	<b>\$25,142,491.61</b>	<b>\$3,041,181.53</b>	<b>\$28,183,673.14</b>



### APPENDIX 3

#### Executed Consultant Agreements Fiscal Year Ending June 30, 2007

Month	# Agreements	Prime	Sub	Total
Jul-06	11	\$5,918,237.32	\$1,461,108.68	\$7,379,346.00
Aug-06	3	\$75,937.28	\$0.00	\$75,937.28
Sep-06	4	\$905,010.82	\$376,671.52	\$1,281,682.34
Oct-06	4	\$193,527.78	\$156,822.93	\$350,350.71
Nov-06	2	\$500,000.00	\$0.00	\$500,000.00
Dec-06	3	\$1,164,711.12	\$826,099.50	\$1,990,810.62
Jan-07	11	\$10,170,967.95	\$1,029,841.44	\$11,200,809.39
Feb-07	7	\$955,029.40	\$0.00	\$955,029.40
Mar-07	11	\$3,076,283.48	\$380,288.51	\$3,456,571.99
Apr-07	11	\$610,926.26	\$20,023.00	\$630,949.26
May-07	4	\$4,913,788.24	\$3,706,529.00	\$8,620,317.24
Jun-07	6	\$437,315.29	\$0.00	\$437,315.29
<b>Total</b>	<b>77</b>	<b>\$28,921,734.94</b>	<b>\$7,957,384.58</b>	<b>\$36,879,119.52</b>

#### Executed Consultant Agreements Fiscal Year Ending June 30, 2008

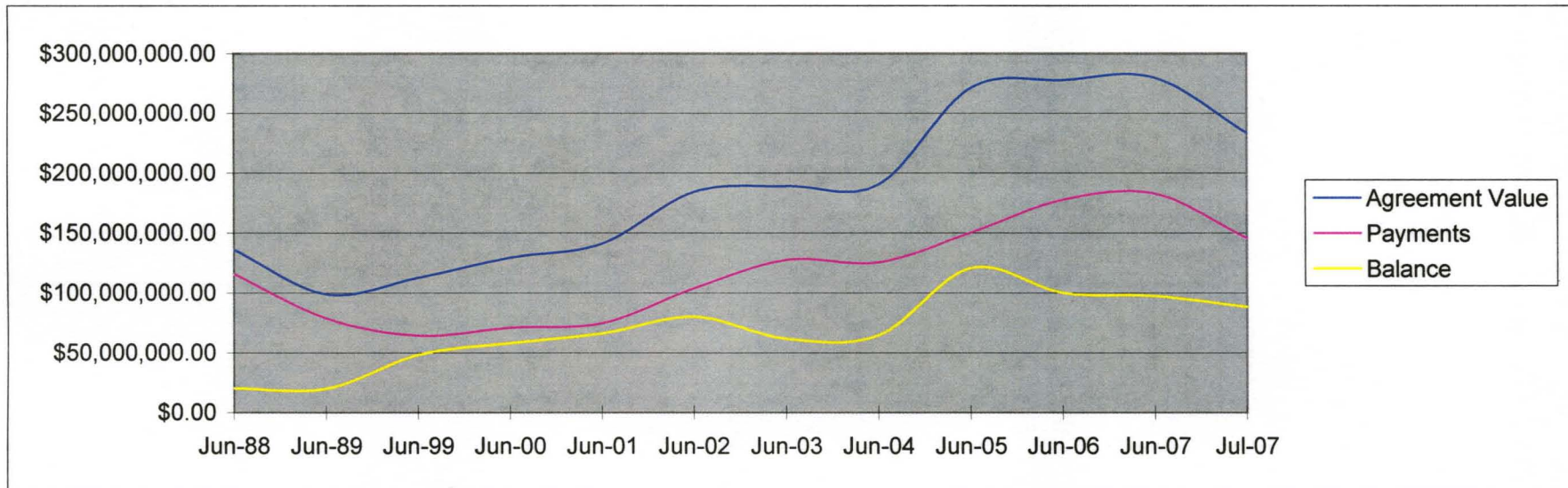
Month	# Agreements	Prime	Sub	Total
Jul-07	0	\$0.00	\$0.00	\$0.00
Aug-07	0	\$0.00	\$0.00	\$0.00
Sep-07	14	\$1,313,532.06	\$12,999.32	\$1,326,531.38
Oct-07	9	\$1,348,820.34	\$603,142.13	\$1,951,962.47
Nov-07	4	\$295,103.15	\$0.00	\$295,103.15
Dec-07	1	\$399,999.00	\$0.00	\$399,999.00
Jan-08				
Feb-08				
Mar-08				
Apr-08				
May-08				
Jun-08				
<b>Total</b>	<b>28</b>	<b>\$3,357,454.55</b>	<b>\$616,141.45</b>	<b>\$3,973,596.00</b>

# APPENDIX 3

## Contract Services Professional Services 10 Year Trend Active & Final

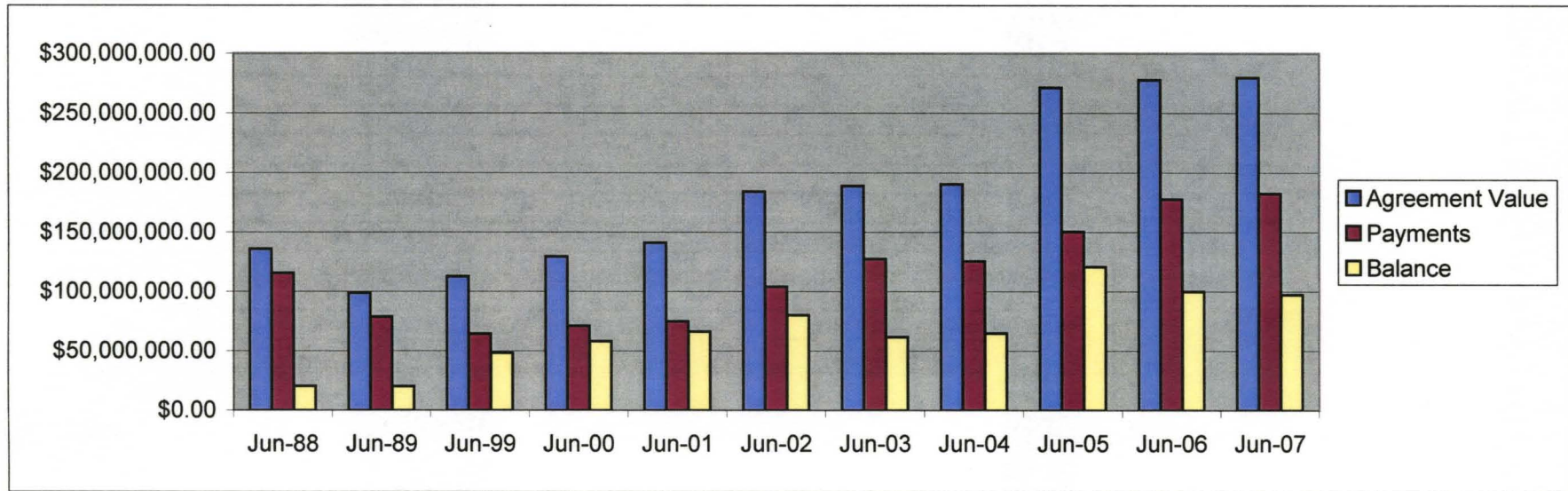
Fiscal Year Ended	Agreement Value	Payments	Balance
Jun-88	\$135,861,464.24	\$115,557,602.88	\$20,303,861.36
Jun-89	\$98,748,633.83	\$78,683,158.48	\$20,065,475.35
Jun-99	\$112,656,863.25	\$64,416,330.36	\$48,240,532.89
Jun-00	\$129,352,522.74	\$71,147,324.51	\$58,205,198.23
Jun-01	\$141,111,396.48	\$74,953,346.81	\$66,158,049.67
Jun-02	\$184,222,519.76	\$103,970,833.66	\$80,251,686.10
Jun-03	\$189,023,518.17	\$127,394,502.24	\$61,629,015.93
Jun-04	\$190,351,870.11	\$125,599,868.55	\$64,752,001.56
Jun-05	\$271,220,492.79	\$150,470,979.20	\$120,749,513.59
Jun-06	\$277,861,953.24	\$177,803,486.15	\$100,058,467.09
Jun-07	\$279,733,804.43	\$182,474,649.93	\$97,259,154.50
Jul-07	\$233,355,535.34	\$145,155,066.99	\$88,200,468.35
<b>Total</b>	<b>\$2,243,500,574.38</b>	<b>\$1,417,627,149.76</b>	<b>\$825,873,424.62</b>

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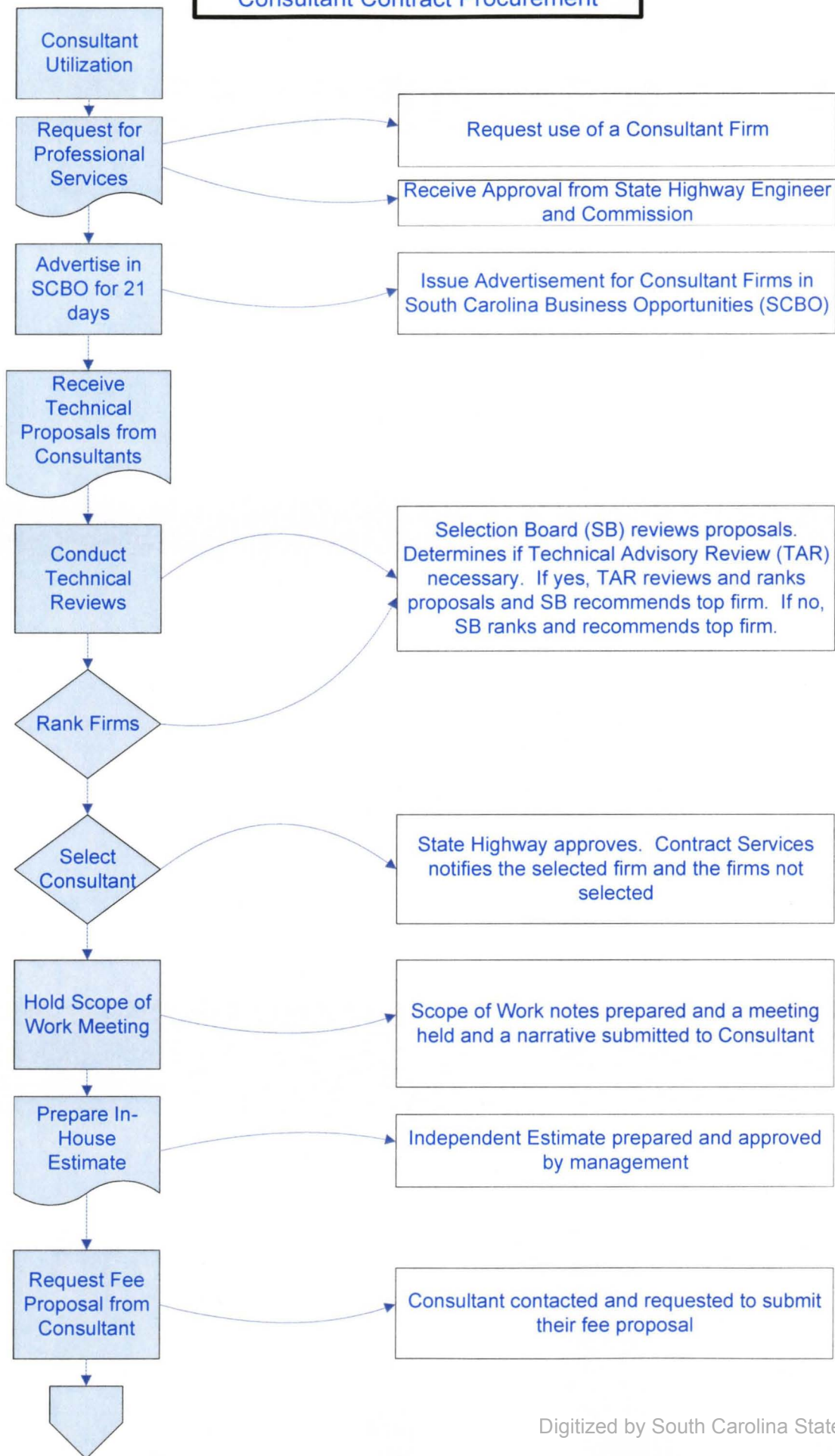




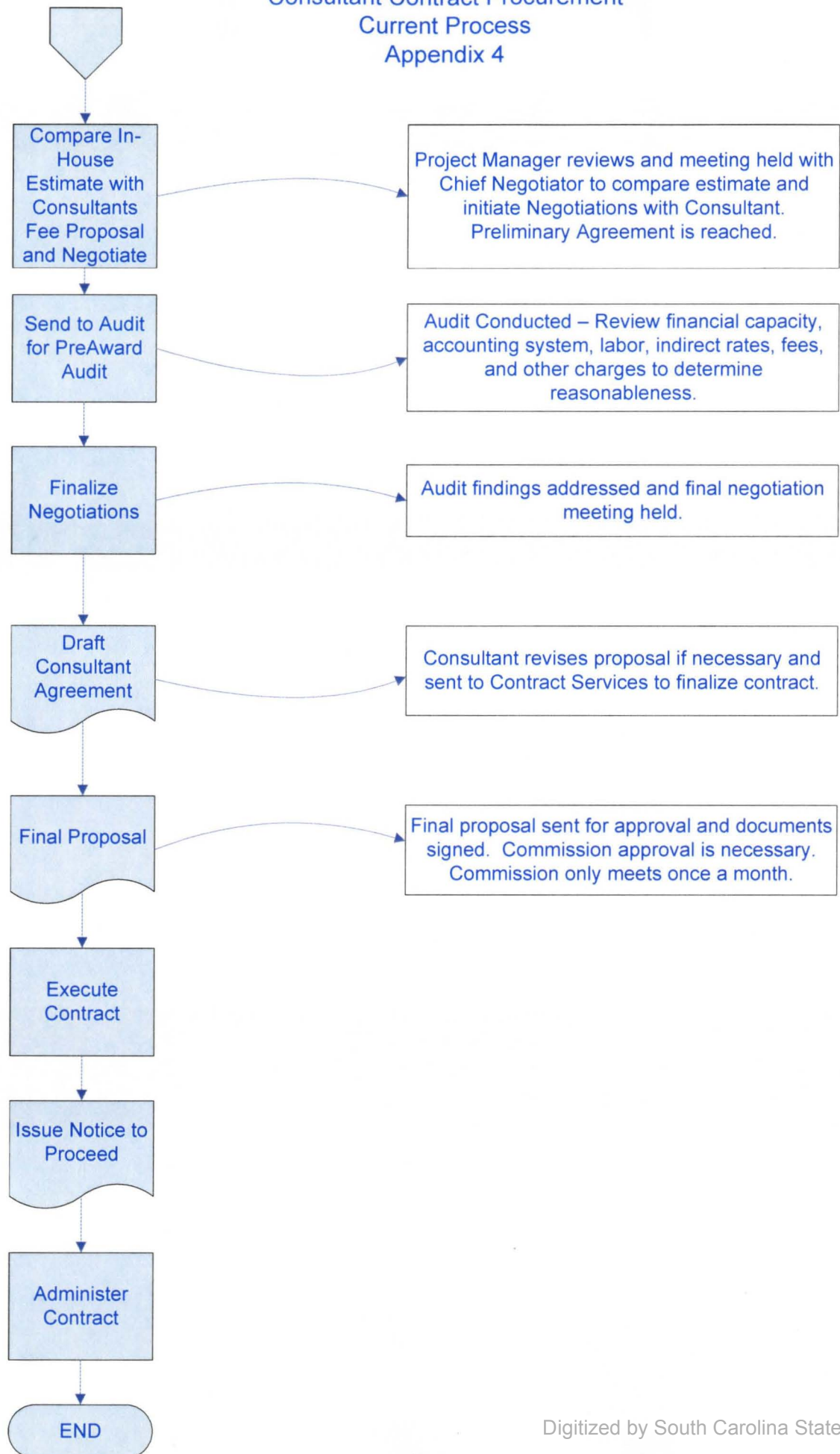
# APPENDIX 3



# Consultant Contract Procurement

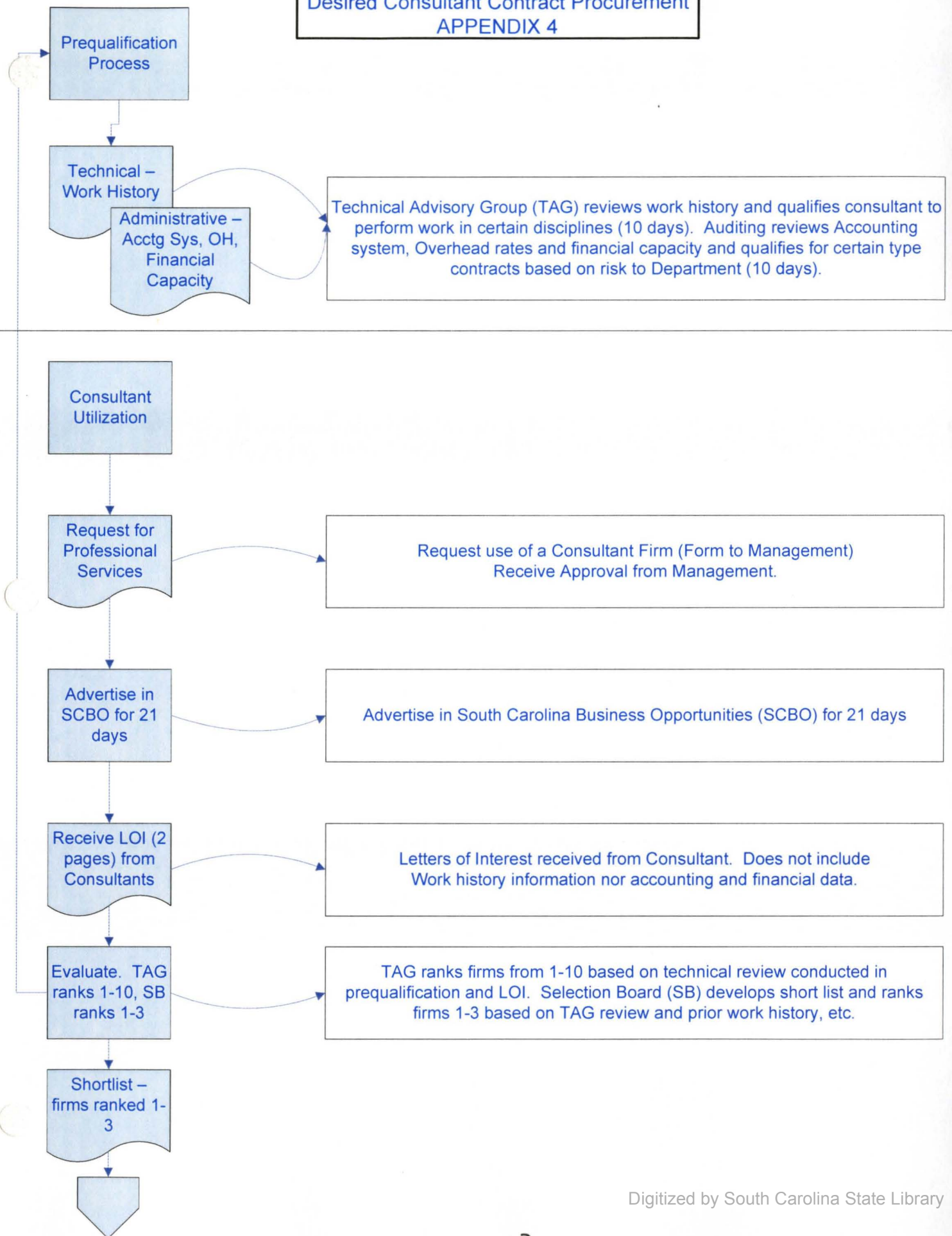


Consultant Contract Procurement  
Current Process  
Appendix 4





Desired Consultant Contract Procurement  
APPENDIX 4



Desired Consultant Contract Procurement  
APPENDIX 4

